

CORPORATEGUARD FOR FINANCIAL INSTITUTIONS

Directors & Officers Liability Insurance - SEC

In light of one of the toughest regulatory environments in recent history, directors are facing unprecedented levels of scrutiny. Companies operating in the world's largest economies now face a battery of laws, codes and standards. Achieving and maintaining compliance is costly and time-consuming, and the penalties for failing to do so, punitive and severe. Governments are no longer afraid to exercise new powers of criminal prosecution - demonstrated by newspaper pictures of handcuffed executives amid reports of lengthy prison sentences.

Against this background, directors are increasingly concerned about exposing their personal assets to possible regulatory action or litigation. And for good reason because the implementation of new accounting standards, increasing globalisation and the rise of shareholder action groups increase the intensity of directors' and officers' liability exposures. The good news is that with broader cover, fewer restrictions, greater provisions, more value-added services and a greater emphasis on helping individual directors through critical events we have made CorporateGuard D&O stronger than ever.

This particular CorporateGuard product has been specially designed for financial institutions with exposures to US securities. It provides broader insured cover, blanket outside directorship cover and automatic cover for regulator's costs. It also provides automatic entity cover against security claims, "express" Sarbanes-Oxley cover and expert support for our clients outside the US in dealing with the complexities of US securities legislation all backed up by the expertise of both a US based securities claims team and local market claims teams.

Core Cover

- ▶ Defence costs, damages and settlements for "wrongful acts"
- ▶ Automatic coverage for the Entity in respect of security claims
- ▶ Automatic cover for regulator costs imposed on any insured
- ▶ Employment practice liability (including emotional distress) for individuals
- ▶ Full limit defence costs for pollution claims for non indemnifiable loss
- ▶ Full limit for shareholder pollution claims
- ▶ Legal fees and expenses up to the full policy limit for attendance at any investigation into the affairs of the company
- ▶ Blanket outside directorship cover except high risk sectors. Extensive cover for claims against insured by an outside entity
- ▶ Full severability of proposal form
- ▶ Full insured vs insured cover for non-collusive claims
- ▶ Professional services exclusion now with a full carve out in respect of securities claims

Cover Extensions

- ▶ Affirmative cover for Sarbanes-Oxley exposure (including costs for an interpretive counsel)
- ▶ Automatic coverage for change in US securities exposure within pre agreed parameters
- ▶ £1m limit per non-executive directors (over and above standard policy limit and indemnification provisions)
- ▶ Emergency pre-approved defence costs up to 10% of limit of liability
- ▶ Prosecution costs coverage to overturn a judicial order
- ▶ Automatic cover for new non-US subsidiaries and for US entities valued within 15% of total group assets
- ▶ Bilateral discovery period
- ▶ 6 year discovery period for retired directors
- ▶ Fees and expenses following a Kidnap incident
- ▶ Bail Bond and Civil Bond expenses

Insured

Includes past present and future directors, officers, employees acting in management or supervisory capacity, shadow directors, outside entity directors, spouses, administrators and executors of insured's estates.

Value-Added Services

- ▶ Additional regulatory crisis response cover up to £50,000
- ▶ Pre-loss regulatory and governance advice, including the DLA loss avoidance and mitigation package
- ▶ Public Relations expenses after successful legal action

Policy Form and Limit

Full retroactive cover on claims made basis. Policy limits of up to \$50 million. £1m for each and every Non Executive Director.

Scope and terms are subject to the terms and conditions of the policy. A specimen policy is available on request.

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£1m cover for Non Executive Directors	Helps company reassure and retain non executive directors by providing a £1m additional limit of indemnity for every NED, above and beyond the overall policy limit.
Automatic entity cover in respect of securities claims and automatic cover for changes in securities exposure	Providing peace of mind that key securities exposures are automatically covered.
Affirmative cover for Sarbanes-Oxley exposure	Removes any doubt on policy response to Sarbanes-Oxley, supported by interpretive costs as a value added service.
Improved and less restrictive Insured vs Insured exclusion	A key area of concern for D&Os, CorporateGuard now has no Insured vs Insured exclusion outside of the US, other than in respect of collusive claims.
Full investigations cover	A frequent source of claims and an area of cover that is often sub-limited, but CorporateGuard provides cover up to the full policy limit.
Automatic cover for regulator's costs	Cover provided for regulator costs imposed on Insureds.
Professional services exclusion with a full securities claim carve-out	Exclusion now provides full carve out for shareholder claims (not just failure to supervise).
Extensive outside directorship cover, with extensive cover for claims against insured by an outside entity	Blanket cover provided automatically other than for high risk industries, including removal of the non-stacking provision. No share capital threshold.
Emergency pre-approved defence costs	To facilitate insured's best defence, even when they can't contact us, emergency defence costs are covered up to 10% of the policy limit.
Regulatory crisis response cover	A specific fund of £50,000 is available to use at insured's discretion in face of regulatory crisis (such as a dawn raid). This is over and above specific investigations cover.
Automatic subsidiary cover, no automatic major shareholder exclusion, bilateral discovery, wide outside directorships cover and generous provision for Insured vs Insured claims and fewer exclusions, including no secondary offering exclusion	All examples of how CorporateGuard seeks to remove the headaches of D&O cover by imposing fewer restrictions, reducing the need to inform us throughout the policy period, wherever possible.
Fees and expenses following a Kidnap incident. Bail bond and civil bond expenses. PR services to restore reputations after an action	Examples of how CorporateGuard seeks to offer enhanced levels of reassurance and protection for individuals, own personal crises (not just the business entity's).
Mitigation and avoidance services	DLA offer to all CorporateGuard clients bespoke presentations in governance best practice, regulatory crisis management and periodic Regulatory Bulletins.

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MANCHESTER
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These are brief product descriptions only. Refer to the policy for full terms and conditions applicable. Any scenarios are given as brief examples which may give rise to claims. These descriptions should not be relied on to justify coverage in any situation.