

CORPORATEGUARD VC Protector

There's growing recognition of the attractions of the venture capital and private equity sector, especially in relation to historical comparisons of returns against other market indices, but participation is far from risk-free.

VC Protector affords broad organisational and managerial liability protection for firms in this sector and their management from risks ranging from allegations of mismanagement, breach of fiduciary duty, statutory liabilities, errors and omissions in investment advisory and professional services, through to employment practices violations.

The UK venture capital sector is now the largest and most developed in Europe, accounting for nearly 40% of total annual private equity investment and over £5.3 billion in 2004*. Many of the emerging risks arise from the difficulties associated with managing these pooled funds to the satisfaction of a broadening group of investors. Strong historical past investment performances are helping to draw in capital from a more risk averse investor base, including pension funds, increasingly prepared to take an activist role toward their investments or resort to litigation if these do not perform as expected.

Further, the complexity of structure and inter-relationships of venture capital firms can in turn complicate litigation and any claims arising, as directors' multiple roles and responsibilities potentially create conflicts of interest.

(*British Venture Capital Association)

Cover

- ▶ Provides broad cover across four critical areas:
 1. General partnership and directors and officers liability
 2. Outside directorship cover
 3. Professional services liability
 4. Employment practices liability (including emotional distress and retaliation)
- ▶ Venture capital and private equity forms at any stage from seed capital through to late stages, including property investment fund
- ▶ Advancement of defence costs
- ▶ Legal fees and expenses for attendance at any investigation into the affairs of the company or otherwise
- ▶ Automatic cover for new subsidiaries and funds up to threshold of 25% of assets or committed capital
- ▶ Blanket cover for private funds managed at or before policy inception*
- ▶ Blanket cover for private company outside directorship positions*
- ▶ Optional discovery periods actionable by policyholder or insurer with run-off cover for retired directors extending in perpetuity (or for as long as the policy is renewed)
- ▶ Full severability of proposal form
- ▶ North America exposure

Cover Extensions

- ▶ Shareholder pollution claims
- ▶ VC Protector is for private companies, however cover for public companies is available subject to underwriting
- ▶ Employment practice liability insurance for the corporate entity
- ▶ Professional services and investment advisory services to non-proprietary, third party funds and portfolio companies

Insured

Past, present and future directors and officers including private company board seats, board observer seats, shadow directorship positions, approved persons, advisory board members as limited partners and as board participants, general counsel and risk managers.

Value-Added Services

Additional value-added risk management services including pre-loss regulatory and governance advice, including the DLA loss avoidance and mitigation package.

Policy Form and Limit

Full retroactive cover on a claims made basis. Policy limits up to \$25,000,000.

**subject to declaration in the proposal form and underwriting pre-inception of the policy.*

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

CORPORATEGUARD VC Protector

World-wide cover for managerial/supervisory staff	Recognises the potential exposure for anyone in a managerial or supervisory position to face claims.
Broad definition of professional services	Includes financial, economic, management and investment advice, advice given in connection with the capital structure and administration of funds and portfolio companies and any other services listed in the proposal form.
Umbrella product, combines D&O and Professional Liability for the fund	VC Protector affords broad organisational and managerial liability protection tailored to provide the extensive cover venture capital and private equity firms and their management require.
Widely defined outside directorship liability cover	Automatically covers directors and officers working in a wide range of roles (e.g. trustee, governor) for a wide range of private portfolio companies including charities, educational and research institutions.
Covers claims brought by former directors/officers	Provides cover for former directors and officers for as long as the policy is renewed. Former directors often excluded from D&O policies, exposing current directors to claims from this group.
Advancement of defence costs (as case proceeds, not just when it ends)	Important where the company cannot, or will not, indemnify the individual director/officer concerned.
Insured	Past, present and future directors, officers and employees acting in a managerial or supervisory capacity, including private company board seats, board observer seats, shadow directorship positions, approved persons, advisory board members as limited partners and as board participants, general counsel and risk managers.
Contribution & Indemnity actions brought by one Insured Person against another	Protects insured even when claim is initially brought against another insured.
Legal fees & expenses for any official investigation, even when no wrongful act has occurred	Facilitates companies seeking legal advice at the earliest opportunity.
Entity cover extensions for employment practice claims and securities actions brought by shareholders or other investors	Reduces the need to keep directors and officers involved in a claim because they have insurance cover while company does not. Also covers the company's proportion of the claim - legal fees and awards. An important benefit as legal fees can run into millions of pounds.
Single policy wording	Avoids the problems of allocating liability between insurers, different policy limits, definitions, exclusions, retentions and conditions. Reduces the risks of any gaps in cover.

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GLASGOW
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LEEDS
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MANCHESTER
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READING
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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.