CorporateGuard D&O Movie Summary

CorporateGuard D&O

Sales Narratives

Feel free to adapt, cut and paste any of this copy into your own marketing communications

CorporateGuard D&O delivers elite level management liability protection for the directors and officers of large and mid-sized companies. Here are six reasons to recommend it to your clients:

1. Directors’ need for world class D&O cover has never been greater. Actions against Directors for “wrongful acts” can have a devastating personal impact involving huge sums, intense questioning, many months of uncertainty, lasting career damage, unlimited financial liability, even loss of liberty. But having said that, AIG is a very experienced D&O carrier. We’ve handled pretty much every kind of D&O claim a Director could face, we know the right steps to take and provide solid guidance for your clients – whatever the scenario, wherever in the world they might be.
2. European D&O claims are increasing as regulators and politicians are more determined than ever to see businesses operate by the rules: more investigations, enquiries, commissions and measures like company whistleblowing to ensure marketplace fairness. CorporateGuard covers regulatory measures, internal investigations, informal enquiries and expert coaching to prepare and protect directors as thoroughly as possible in this brittle environment.
3. D&O claims are also getting much more personal as regulators try and make examples of specific directors and officers. CorporateGuard maximises protection against these intensifying exposures: from specific cover for individuals targeted for investigation, to personal asset and liberty expenses to lifetime protection after they’ve retired.
4. Increasing shareholder activism can orchestrate high profile and acrimonious arguments often fuelled by social media. CorporateGuard anticipates this trend including public relation services and pre-emptive risk mitigation to head off potential issues and protect the reputation of the directors coming under stakeholder scrutiny.
5. As businesses look to emerging markets for growth, their directors and officers face a diversity of legal environments. With AIG they get the best possible D&O cover available from our worldwide network in any single country. And with AIG D&O claims handlers in more offices worldwide, no-one is better placed to guide your clients through their complex and often unpredictable international exposures.
6. In a challenging economic environment the behaviour of directors running up to any business insolvency is carefully examined, and CorporateGuard has specific provisions to help protect directors - such as cover for insolvency hearings, personal tax liability cover and cover for US bankruptcy litigation.

CorporateGuard D&O is for large and mid-sized businesses in all industrial sectors and it’s got strong relationship benefits for brokers too. D&O claims are very stressful for directors and officers, AIG’s skill in handling them can inspire great client loyalty to the broker whilst our knowledge of claims trends is freely available to help our brokers to assist their clients to formulate their own risk management strategies. To learn more about selling CorporateGuard to your clients have a look through this app and thanks for listening.

CorporateGuard D&O Sales Themes

**A D&O POWERHOUSE IN YOUR CLIENT’S CORNER**

**As D&O claims throughout Europe continue to increase, the need for world-class AIG D&O strength has never been greater.**

* European D&O claims are increasing in number and magnitude (driven by regulator activity, political scrutiny of businesses, recessionary claims and shareholder activism). Our in-house D&O teams handle thousands of claims a year, and we’ve dealt with all types of D&O claims before. We also provide a fresh limit for every unrelated claim, so no matter how many claims they have, our clients can depend on expert, experienced guidance as well as full limit protection.
* Directors can’t always rely on their companies to defend them. Companies may be financially compromised (e.g. approaching bankruptcy), they may distance themselves from directors accused of wrongful acts or it might be the company accusing the director of wrong doing. With AIG’s D&O policy behind them directors don’t have to worry about the costs of defending themselves. We are there to look after them – even if their company refuses to.
* Just because directors are innocent doesn’t mean they don’t have to defend themselves. We protect our D&O clients against actual or alleged acts and have many examples of completely unfounded and even malicious actions against our insureds which can be very expensive to defend as well as time consuming and stressful for the individuals involved.
* The personal impact of an action and the financial amounts involved can be shocking as claims can run for years. We offer industry leading D&O limits up to £25 million, and as a preeminent D&O carrier with 40 years’ experience and more D&O claims handlers in more offices worldwide than anyone else; we know the best steps to guide your clients along no matter what the scenario or wherever in the world they may be.
* Finally, CorporateGuard provides clients with non-rescindable protection. This means that as long as directors have not been deliberately fraudulent in the information they have provided to us, we cannot withdraw cover because of misrepresentations or nondisclosures they might have made in the application for D&O insurance.

**D&O MARKET GETTING MORE PERSONAL**

**CorporateGuard D&O includes specific coverage to maximise directors’ protection against increasingly acute personal exposures.**

We see more regulatory determination to hold individual directors to account for corporate misconduct and an increasing European trend to “zero in” on individual directors for monetary redress (e.g. fines, damages) and non-monetary redress (e.g. board changes, disqualification, imprisonment.) Here are some of the ways that Corporate D&O protects directors:

* INDIVIDUAL TARGETS. CorporateGuard is aligned with the typical development of investigations, which may start out as general “fishing expeditions” before crystallising into targeted investigations against specific individuals. This chronology is reflected in the CorporateGuard definition of a claim which includes specific cover for individuals simply targeted for investigation.
* ASSET AND LIBERTY PERSONAL EXPENSES. CorporateGuard protects directors facing confiscation of property and asset freezing. We cover the costs of defending these proceedings, and in the event of confiscation we pay emergency costs including: school fees, monthly mortgages, utility costs and insurance premiums directly to the supplier.
* SEVERABILTY OF EXCLUSIONS. Individuals will not be prejudiced by the wrongdoings of other people insured under the policy. For example, if one director commits a fraudulent act that is specifically excluded by the policy, this will not affect the cover provided to any other directors under the policy.
* LIFE-TIME RUN-OFF. We provide life-time cover for retired directors, covering their actions while they were working and insured by CorporateGuard, even if the policy isn’t renewed after they retire. This means retired directors don’t have to worry about the actions of current and future board members in relation to their D&O cover.

**POLITICAL, CRIMINAL AND REGULATORY SCRUTINY**

**CorporateGuard has specific coverage and protection for directors as regulatory and political scrutiny grows.**

We are seeing regulators across countries more determined than ever to eradicate corruption and anti-trust practices. Facing huge expectations, regulators may look to outsource their workload to businesses, through self-reporting or whistle blowing. We also expect increasing numbers of official enquiries and investigations by tax authorities as well as politically orientated commissions and enquiries. CorporateGuard protects directors in several ways:

* PRE-CLAIM. CorporateGuard’s cover for pre-claim inquiries recognises the frequent source of inquiries and also their initial informality (e.g. a phone call requesting information). Cover is triggered by “a verifiable request” for questioning by regulators, trade bodies, government agencies or parliamentary commissions.
* INTERNAL INVESTIGATIONS. CorporateGuard includes pre-claim coverage to protect directors involved in internal company investigations at the behest of regulators after self-reporting or whistleblowing allegations.
* COACHING AND PREPARATION. In the face of official investigations and enquiries Directors will certainly require their own professional representation, and skilled coaching for the line of questioning that we know from our experience of handling D&O claims they are likely to be subjected to. CorporateGuard provides the funds for this to ensure that clients are as well prepared as possible.
* REGULATORY ENFORCEMENT. CorporateGuard covers a range of regulatory enforcement measures, including Directors’ personal liabilities for corporate taxes and civil fines and civil penalties awarded against directors. It also includes specific protection in respect of the US Foreign Corrupt Practices Act and UK Bribery Act.
* HEALTH AND SAFETY. Directors’ exposure to occupational health and safety legislation is reflected in the wide coverage CorporateGuard provides for bodily injury and property damage, which includes directors’ defence costs, and last resort personal liability cover.

**SHAREHOLDER ACTIVISM**

**CorporateGuard provides specific coverage for Directors in the face of shareholder activism.**

Pressure on boards from stakeholders includes more scrutiny of Directors’ fulfilment of their fiduciary duties, their business strategies, their effective deployment of assets and investment in innovation. There can be reputational implications for directors at the receiving end of shareholder publicity campaigns while the possibility of European shareholder class actions looms on the horizon. CorporateGuard can respond in several ways:

* REPUTATIONAL PROTECTION. CorporateGuard provides the costs of professional PR services. They will work exclusively with an individual director to protect their reputation from any negative press, negative social media or other content questioning their fiduciary integrity.
* SPECIAL EXCESS FOR NON-EXECUTIVE DIRECTORS. Our ring fenced limits of liability for Non-Executive Directors, gatekeepers of the governance of the boards they sit on, makes sure they have dedicated protection - no matter how many claims and losses are made by any of the other insureds covered by the policy.
* RISK MITIGATION. CorporateGuard has specific provisions to take the initiative to minimise the risk from potentially damaging situations. With our long experience of D&O claims we know the value of such proactive measures to anticipate and head off potential claims against directors.
* WCAM SECURITIES SETTLEMENT ADVISORY. CorporateGuard covers the costs of expert legal opinion to inform on the Dutch legal framework available for global securities settlements. Cover is provided to help anticipate developments should a securities claim be bought against the company by multiple parties anywhere in the world.

**ECONOMIC RELATED CLAIMS**

**CorporateGuard has specific provisions to help protect Directors in challenging economic environments**

In a challenging European economy the behaviour of Directors before a business insolvency will be scrutinised. Liquidators will try and maximise the proceeds of the bankruptcy, bringing claims against culpable directors for mismanagement or fraud which could in turn expose directors to possible investigation, disqualification proceedings and civil actions from investors to recoup financial losses. CorporateGuard provides several areas of cover to address these risks:

* INSOLVENCY HEARING COSTS COVER. CorporateGuard provides funds to ensure that Directors are aware of their duties to creditors as the company approaches the “zone of insolvency”.
* TAX LIABILITIES. We cover directors’ personal liabilities for the insolvent company’s unpaid corporate taxes, which might be awarded against them after the company has entered administration.
* US BANKRUPTCY ACTIONS. CorporateGuard provides customised cover that recognises the intensity of Directors’ potential exposures to US bankruptcy litigation and the varied nature of potential claimants.
* SECURITIES COVERAGE. CorporateGuard covers securities claims – recognising the increasing difficulties of making representations to the investment community, and the resulting exposures to the Directors involved.

**INTERNATIONAL RISKS**

**CorporateGuard is equipped to protect Directors across varied, developing and challenging overseas jurisdictions**

Different countries’ liability regimes reflect their national cultures and priorities, and businesses’ international expansion multiplies their management’s exposures to these diverse legal and regulatory environments. As a leading global D&O insurer, we are very experienced in handling these multiple exposures on behalf of our clients, reflected in the service and cover we provide with CorporateGuard:

* GLOBAL CLAIMS EXCELENCE. We have D&O claims handlers in more offices worldwide than any other insurer. Our clients benefit from a vast global pool of expertise about local D&O claims policies, practices and the best expert representation in overseas jurisdictions.
* EMERGING ECONOMIES. We have a long established presence in all emerging market countries. We also have presence and expertise in handling an increasing numbers of D&O claims from emerging economies such as Columbia and Argentina (often involving part state-owned companies), Eastern Europe (including claims relating to currency fluctuations), South Africa and Turkey – to name a few.
* DETENTION, CONFISCATION AND EXTRADITION. CorporateGuard protects Directors facing official detention, asset seizure, extradition, or deportation and covers the costs of defending these proceedings. We also provide emergency personal expense funding in case of confiscation orders.
* MOST FAVOURABLE FOREIGN COVERAGE. Not only does CorporateGuard deliver worldwide protection but we also provide the most favourable locally provided coverage we can. If a standard AIG policy locally offers better cover than CorporateGuard, we will apply the local terms.
* INTERNATIONAL PROGRAMME CAPABILITY. On the back of our global presence we offer an unmatched capability to set up international programs with underlying local policies. Such programs, combined with the “Any One Claim” provision of the Master Policy, provide a locally attuned whilst globally integrated international solution for directors.

CorporateGuard D&O Target Market

CorporateGuard D&O is designed for large and medium sized businesses in all industrial sectors:

ALL BUSINESS SECTORS: from charities, voluntary associations and other membership organisations to major international corporations

FULL BREADTH OF FINANCIAL INSTITUTIONS: e.g. asset managers, hedge funds, property funds, private equity, venture capital, banks

INCLUDES “CHALLENGING” RISKS: e.g. US listed companies, energy, pharmaceutical and aerospace

Cover at a Glance

Defence costs, damages, and settlements for “wrongful acts”

“Any One Claim” limit

Pre-Claim Inquiry and individual target investigation

Personal expenses in Asset & Liberty proceedings

Enhanced definition of “Official Body” (e.g. including parliamentary commissions)

Individual coverage for unpaid corporate taxes generating individual liability.

Insolvency Hearing cover

US bankruptcy carve backs

Derivative investigation hearing costs

Mitigation costs and prosecution costs to prevent civil liability actions

Global Dutch Class action settlement advisory

Severability of exclusions (except PPL)

Enhanced Bodily Injury and Property damage coverage for directors

Pre-investigation cover for retaining legal advisors to represent an Insured Person in connection with a Regulatory Crisis Event (sub-limited)

Legal fees and expenses up to the full policy limit for attendance at any investigation into the affairs of the company or an individual insured

Employment Practices Liability cover (including emotional distress) for individuals

Special £1million limit per non-executive director

Emergency pre-approved defence costs

Automatic cover for new non-US subsidiaries and entities valued within 25% of total group assets and are not Investment Vehicles

Lifetime run off for retired directors if the policy is not renewed or replaced

Claims Scenarios

Here are a number of claims scenarios illustrating how clients’ D&O policies have been called upon to provide professional defence costs, professional representation costs and damages for a variety of actions, investigations and allegations. These scenarios are all based on actual cases with the details changed to ensure confidentiality:

Criminal action by European state criminal prosecutor: Directors are summoned by the examining magistrate in a criminal investigation, alleging misuse of company assets.

Investigation by European regulator: Directors are investigated by European state regulatory authority about overpayment of public money for business events.

Investigation by City of London Fraud squad: A director in a subsidiary company is investigated over allegations of bribery in relation to providing favourable purchasing terms to a customer.

Investigation by Antitrust Division of the United States Department of Justice: The US subsidiary of a European company and several of its directors and officers, are investigated for alleged worldwide antitrust activities.

Alleged breach of fiduciary duty is brought by insolvency trustees: Former executives of a real estate company are served with a complaint of negligence and mismanagement by overpaying for foreign real estate.

Mismanagement and asset stripping: Former directors are summoned by liquidator for mismanagement and asset stripping after wound up French subsidiary showed significant lack of assets.

Action by subsidiary company: A company’s subsidiary claims breach of fiduciary duty by the president of the company’s Management Board over failure to supervise derivative transactions.

Shareholder action approved at AGM: Shareholders approved legal action against its chairman and former directors, alleging company losses from transfer of funds to an investment entity.

Securities action by shareholders: Shareholders take legal action against the company alleging that its false and misleading financial information in reports, press releases and analyst conference calls, which caused the Insured’s Level 1 American Depository Receipts (ADRs) and its ordinary shares to trade at artificially inflated prices.

Action by Creditors: A subsidiary is accused of conspiring to mislead creditors of one of its overseas customers. The creditors, which had gone bankrupt, named the parent, subsidiary and directors in the action and allege that they all conspired with the customer and its management to make these misrepresentations.

Action by purchaser after company acquisition: After acquiring the insured company, the purchaser brought legal action against the former CEO for allegedly providing false information resulting in an over-valuation of the insured’s assets.

CorporateGuard D&O Podcast

If you’re a director of a large company, you expect to shoulder a lot of responsibility. It goes with the territory. What you might not expect, though, is to be the personal target of an investigation or accusation against your company. And you probably wouldn’t expect to be blamed personally – to the point of being sued – if your company goes bankrupt.

But increasingly, when a scandal hits a business, regulators, stakeholders and the public point the finger at those at the top. They were in charge. They should take the blame, regardless of their actual involvement.

Directors & Officers, or D&O, insurance protects top executives in the frame for so-called ‘wrongful acts’ – a term that covers bribery, corruption, mismanagement, asset-stripping, non-payment of taxes and many other dubious activities. These executives may not have had anything to do with the accusation that prompted the action, but they still need to defend themselves – and that can be very costly.

Importantly, though, the potential losses go way beyond the cost of legal defence. Directors can be personally liable for paying huge damages and settlements. They can face months of uncertainty and intense questioning, causing severe stress, and they can even end up in prison. So it’s certainly in their interests to be insured by a company with deep knowledge of these risks.

We consider ourselves market leaders in this field, not least because we’ve been providing this type of insurance for 40 years. Our D&O product, CorporateGuard, offers elite-level management liability protection for the directors of large companies, and we currently handle over a thousand claims a year.

Some examples include criminal and regulatory actions by European officials, investigations by the US Department of Justice, and legal action brought by shareholders against the top management of a company over perceived financial losses.

The accusations at the heart of these claims are often personal, and directors can’t always rely on their company to back them up. In fact, we find that personal exposures are increasing, and it’s one reason why, in our opinion, the need for D&O insurance has never been greater.

Another reason is the changing regulatory environment, particularly across Europe. Regulators and politicians are more determined than ever to see businesses operate fairly. They’re investigating more, but they’re also demanding more of companies themselves. Employees are invited to come forward with their suspicions of wrong doing, and companies are being asked to do a lot more self-reporting.

That’s why CorporateGuard covers pre-claim activities like internal investigations and informal research ahead of an official investigation. The policy also covers the cost of coaching and preparation before an appearance at an official enquiry, so clients are as well prepared as possible.

If regulators push ahead with enforcement, CorporateGuard covers directors’ personal liabilities for corporate taxes, civil fines and civil penalties. It also includes specific protection in respect of the US Foreign Corrupt Practices Act and the UK Bribery Act.

So regulator scrutiny is one growing issue. Another is shareholder activism. With the spread of social media and citizen journalism, shareholders are becoming more vocal about what they expect from top executives. When things go wrong, this can quickly get nasty, with reputations shattered overnight.

CorporateGuard covers the cost of PR specialists, who’ll work with individual directors to protect their professional standing. It also provides ring-fenced limits of liability for non-executive directors.

You can’t completely control how shareholders feel – and you can’t control the state of the economy either. Economic cycles ebb and flow, and when the economy’s in a downturn, some businesses can’t stay afloat.

This puts directors and officers in a precarious financial position – and not just because they’ve lost their job. They can be held accountable for the collapse of their companies. Liquidators may accuse them of mismanagement or fraud, which may then expose them to investigation, disqualification and civil actions from investors.

CorporateGuard has specific provisions to help protect directors who find themselves in this situation. For example, we cover the cost of insolvency hearings and the directors’ personal liabilities for the insolvent company’s unpaid corporate taxes.

One of our biggest selling points is our global reach. We have D&O claims handlers in more offices worldwide than any other insurer, so our clients benefit from a vast global pool of expertise. Our people on the ground know about local D&O claims policies, local practices and local experts, which is an invaluable resource. And it’s all the more important now, as businesses increasingly look to emerging markets for growth – exposing their directors and officers to different legal and regulatory environments.

There’s no question that directors and officers face intense exposures, which are only increasing. When your career, your health, your freedom, and huge sums of money are at stake, why wouldn’t you seek out an insurer with a long track record and proven experience in this field?

CorporateGuard D&O is designed for large and mid sized businesses in all industrial sectors, including the full breadth of financial institutions. Find out more at AIG.com.