

Directors and Officers Liability Insurance

Minimizing financial risks

Tailored for commercial and financial institutions, the Directors and Officers Liability Insurance (D&O) covers the financial risks for wrongful acts of **directors** and **officers**. These wrongful acts include errors, breach of duties, failing to comply with business or listing regulations, even potential trigger for regulatory investigations.



Why Zurich?

- Excellent in-house claim specialist
- Financial stability – very strong AA-/stable to superior A+/stable
- Customer centric culture
- Strive to understand your business
- Respond quickly no matter the problem is big or small

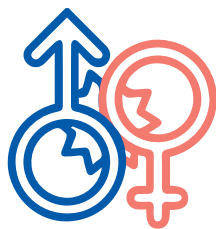
Insuring Clauses and Key Features

- Traditional director/officer and company reimbursement
- Entity cover for securities and employment practices coverage
- Investigation costs
- Public relation costs
- Outside directorship cover
- Defense cost

Case study

Hypothetical Case 1

Insured: Hong Kong private company



A director was terminated from service on allegations that he had sexually harassed staff members. The director successfully sued the company and the Board of Directors for wrongful dismissal and defamation of character.

What would be covered?

- defense costs for the directors being sued who had separate legal representation from the company
- a portion of the indemnity to as much as a six-digit amount

Hypothetical Case 2

Insured: Hong Kong listed company



A shareholder brought a derivative action against directors, alleging them causing the company to commit to over RMB 6 billion to purchase several coal mines in China without doing sufficient due diligence and when it was later found that the coal mines were worthless, didn't enforce the company's rights against the seller.

What would be covered?

- defense costs for the directors who had separate legal representations from the company
- indemnity for the damages awarded by the court to shareholder who has suffered loss arising from the wrongful act of the directors

Hypothetical Case 3

Insured: Hong Kong listed company



Hong Kong regulator exercised its power under Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules to direct the stock exchange of Hong Kong to suspend all trading of a loss-making company. Subsequently, Securities and Futures Commission (SFC) conducted a formal investigation against a director for an alleged misconduct.

What would be covered?

- investigation costs of dealing with SFC investigations which named a specific director or officer or defense costs for defending the directors or officers from SFC enforcement actions

About Zurich

Being part of Zurich Insurance Group, Zurich Insurance (Hong Kong) offers a full range of flexible general insurance and life insurance products for individuals as well as corporate customers, catering to their insurance, protection and investment needs. Our presence in Hong Kong dates back to 1961. We are one of the top five general insurance providers in Hong Kong*.

Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With about 54,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 210 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt (ZURVY) program, which is traded over-the-counter on OTCQX. Further information about Zurich is available at www.zurich.com.

* Source: Insurance Authority, based on gross premiums, 2017.

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