



Söderberg
& Partners

S&P GROUP INSURANCE

D&O Liability Insurance

If the Board of Directors or the Managing Director make a mistake or fail to complete their duties, they may be held personally liable. The D&O insurance provides coverage against these types of situations. We offer our clients one of the widest solutions on the market at competitive prices.

The insurance is issued by AIG Europe S.A. branch office. AIG is one of the world's leading non-life insurance companies. It provides more than 70 million customers in more than 160 countries with insurance solutions. The companies of AIG Group serve private and corporate customers and organizations through its non-life insurance network, which is one of the most extensive networks in the world.



D&O Liability Insurance

Benefits of the solution we negotiated

- One of the most extensive solutions on the market at a competitive price.
- Globally valid.
- Includes the directors and officers of subsidiaries and companies to be established or purchased.
- Unlimited continued period of claim notifications if a director or officer leaves the company or retires during the insurance period.
- Covers PR and crisis management expenses.

How Do Companies Benefit From D&O Insurance?

The D&O insurance is always taken out by the company on the behalf of an individual. The insurance

can be seen as a fringe benefit related to management-level agreements. Extensive D&O insurance shows the management of your company that they are important to the company. This is a benefit valued by the best directors and officers.

The management's mistakes or negligence can affect the company, shareholders or third parties, such as creditors. The claims may be statutory, contractual or even based on criminal liability.

The number of claims for compensation has grown in the past years, and an increasing variety of parties are presenting such claims. Legal processes are typically long and expensive regardless of whether negligence has really occurred or not.

The D&O insurance ensures that you have access to the best help and support available in difficult situations.

Examples

Case1. An employee of the company injures their hand because of a machine's inadequate protection. The Managing Director, Production Manager and supervisor are accused of an occupational safety and health violation. The D&O insurance covers the legal expenses of the accused directors and officers for the duration of the legal process. The D&O insurance does not cover the fines imposed as penalties of the occupational safety and health violation on the directors and officers by the district court.

Case2. The Managing Director of a small limited liability company retires, and the son of a member of the Board of Directors is appointed Managing Director. During the son's time as Managing Director, the company's financial situation deteriorates considerably. One of the shareholders sues the company's Board of Directors. The shareholder claims that the Board did not act in the company's interests when appointing the son of a member, who had no previous experience in similar positions, as Managing Director. The case fails in court, but there are significant legal expenses to be borne by the members of the Board of Directors, which are covered by the D&O insurance.

Neither of the D&O insurance options covers, for example, claims for compensation known prior to the validity of the insurance, claims related to trials or official investigations existing prior to the validity of the insurance, damages caused or inflicted intentionally or for the purpose of gaining undue advantage or benefit or personal injuries or damage to property. However, the insurance covers the legal expenses of the insured person in cases where a claim for compensation based on labor law, for instance, is filed against the insured person. This product description provides an overview of the coverage of the D&O insurance and its most important limitations. The terms of the insurance and the insurance policy specify the content of the insurance.

	S&P D&O LIABILITY INSURANCE	REGULAR D&O LIABILITY INSURANCE
Insured persons	Managing Director, members and deputy members of the Board, supervisors and other superiors in managerial position.	Managing Director and members and deputy members of the Board.
Subsidiaries (and their directors and officers)	Automatically covered by insurance, including new companies to be purchased or established.	Separate negotiations about coverage and inclusion on the policy required.
Basis of liability	Finnish legislation (including Limited Liability Companies Act, if the insured can be held personally liable. The personal liability of the insured can also be based on regulations specified in foreign legal orders.	Limited Liability Companies act.
Legal expenses	Covers legal expenses generated during the legal process. Includes expenses generated by official investigations.	Compensated at the end of the legal process. Limited coverage related to official investigations.
PR and crisis management expenses	Covers the expenses generated.	Provides no coverage.
Environmental damage	Covers legal expenses if the insured is not found guilty of intentional act.	Does not cover environmental damages or the related expenses.
Directors and officers retiring or leaving the company	Unlimited continued period of claim notifications if a director or officer leaves the company or retires from their position during the insurance period.	Differences between levels of coverage. If the notification period is continued automatically, the maximum duration is 12 months.
Personal liability over the company's taxation	Coverage for the personal liability of directors and officers regarding taxation in the event the company cannot pay taxes due to bankruptcy or insolvency.	Does not cover claims related to taxes.
External board memberships	Coverage for the insured persons acting in the Board of Directors of an outside entity (position approved or requested by the insured company).	Covers only the Board of Directors of the insured company.
Insurance valid in	World wide.	Finland, with the possibility of expanding subject to an additional fee (typically to cover Europe).