

POLARIS CORPORATE SOLUTIONS GmbH

D&O INTRODUCTION



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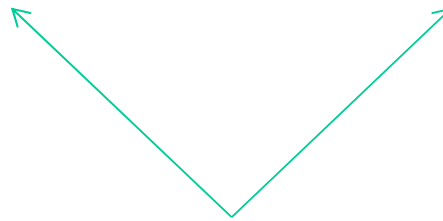
CONTENT

- D&O BUYING MOTIVATION
- PURCHASING DRIVERS
- PERCEPTION
- CONTRACT CONSTRUCTION
- MOST FREQUENT CLAIMANTS
- COVERAGE TRIGGER
- KEY QUESTIONS WHEN BUYING
- CONCLUSION



Motivation to buy D&O

Private assets



Management

Corporate assets



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Drivers for large companies

- Shareholder actions
- Reporting errors
- Inaccurate or Inadequate disclosure (company accounts)
- Misrepresentations in a prospectus
- Failed public offerings
- Bankruptcy “recessionary exposure”
- Regulatory actions
- Cyber events



Drivers for small companies

- Director disqualification proceedings
- Employment practice and HR issues
- Bankruptcy
- Criminal costs
- Unfounded claims- but high costs
- Inadequate legal expenses insurance
- Regulatory actions
- Cyber events



Perception of D&O

	US and Continental Europe	Emerging Markets
Corporate Governance	Integral part	No influence
Primary interest	Corporate balance sheet	Private assets
Decision making	Company's management	Company's management
Corporate insurance	Integral part	"Exotic"
Coverage intent	Third party claims (Except Germany – company claims)	Company claims



D&O policy structure

Claim against insured person



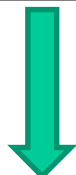
Corporate Reimbursement



NO



Insured interest:
Individual's assets



Personal assets

Side A



YES



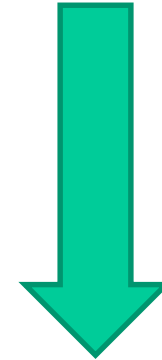
Insured interest:
Balance sheet



Corporate assets

Side B

Shareholder claims against
the entity (legal person)



Insured interest: Company's
balance sheet



Corporate assets

Side C



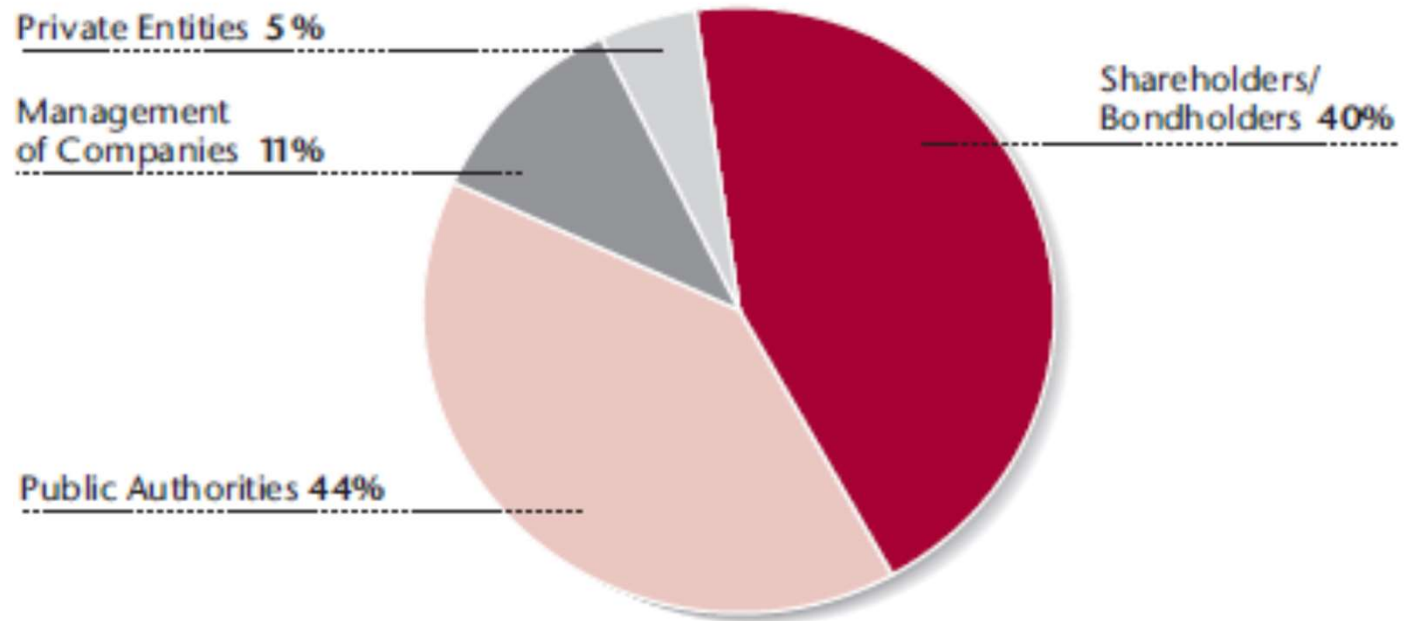
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Most frequent claimants

- Company
- Regulators and other governmental bodies
- Shareholders
- Insolvency liquidators
- Employees
- Creditors
- Competition

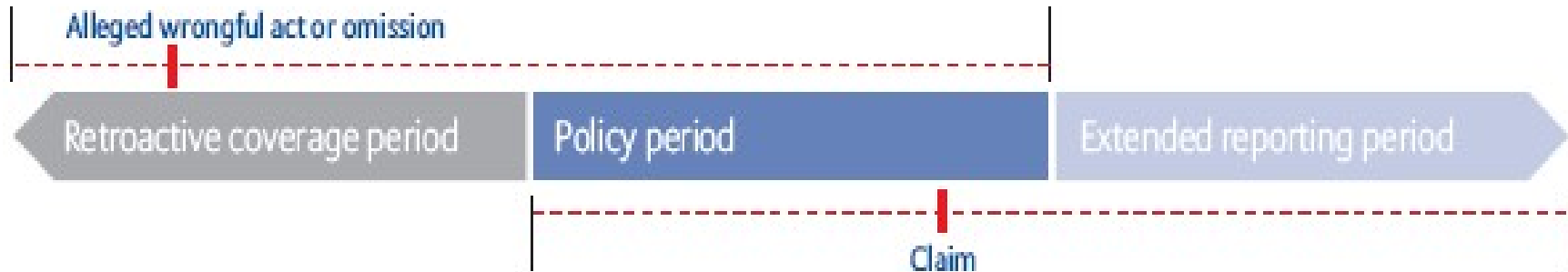
Complainer Distribution



Source: GenRe 2005 D&O litigation report



“Claims made” policy trigger



COVERAGE RETROACTIVITY

Period prior to commencement of the Policy Period from which all Wrongful Acts that give rise to a Claim in the Policy Period are covered.

PRIOR AND PENDING LITIGATION DATE

Any prior and pending litigation (typically the date of the first purchase of D&O coverage)



Key D&O questions

What does the management/supervisory board mean to insure?

- Their personal exposure?
- The personal exposure of their subsidiary directors and officers?
- The Company's Corporate Balance Sheet (for reimbursement)?
- The Company as a defendant (Corporate Balance Sheet)?

Questions for the board

- What are their key exposure and coverage concerns?
- Do they appreciate the aggregate limits dilution issue?
- Do they appreciate the risk of a liquidator controlling the policy?
- How robust are the indemnification provisions?

Coverage priorities determine programme design and placement strategy

Direction from the board is key



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European D&O litigation trends

Top 10 European losses

1. Koninklijke Ahold (NED):	\$1,100,000,000
2. Lernout & Hauspie (BEL):	\$539,100,000
3. Royal Dutch Shell (NED):	\$450,000,000
4. Daimler Chrysler (GER):	\$300,000,000
5. Siemens (GER):	\$130,000,000*
6. Deutsche Telekom (GER):	\$120,000,000
7. Otto GmbH (GER):	\$104,000,000
8. Royal Dutch Shell (NED):	\$90,000,000
9. Alcatel (FRA):	\$75,000,000
10. Elan Corp (IRL):	\$75,000,000

Source: C5 – Ed Mrakovcic presentation; www.siemens.com * EUR 100m denomination



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SEE D&O litigation trends - by alleged quantum

1. SCT (Slovenian construction firm)	€500.000.000
2. Podravka (Croatian food & beverage company)	€52.000.000
3. Telekom Slovenije (Slovenian telcom)	€48.000.000
4. Luka Koper (Slovenian port operator):	€32.600.000
5. NKBM (Slovenian bank):	€24.000.000
6. Hypo-Alpe-Adria (Slovenian bank):	€23.400.000
7. Premogovnik Velenje / HSE (Slovenian coal mine):	€17.400.000
8. Pivovarna Laško (Slovenian beverage company):	€13.300.000
9. MKT Print (Slovenian printing company):	€9.800.000
10. Merkur (Slovenian DIY retailer):	€9.000.000



Q&A



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YOUR GUIDE!

- Independent
- Specialty casualty underwriting agency
- Based in Vienna, Austria
- Regulated and supervised by the Austrian insurance supervisory authorities
- Writing financial lines business on behalf of Lloyd's
- Covering 31 countries in Austria, CEE & CIS region and Turkey
- Licensed to conduct direct business in all EU countries



Product lines

- D&O (commercial & FI)
- Side A DIC
- Employment Practices Liability
- Commercial Crime & Bankers' Blanket Bond
- Pension Trustees Liability
- Public Offering of Securities Liability
- Financial Institutions Professional Indemnity
- Various Commercial Professional Indemnity

Can write primary and / or excess business



VIENNA, AUSTRIA



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SUPERVISION

- Austrian professions authority of the 1st district of the Town of Vienna
- License number: 102240R19
- Lloyd's of London





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