

# Directors and Officers Liability Insurance

Document containing information about the insurance product

**Company:** Colonnade Insurance S.A. registered in Luxembourg operating through a Branch in Poland

**Product:** D&O GUARD

Full details concerning the insurance agreement may be found in the **General Conditions of the D&O Liability Insurance, of 03.09.2018**. In the case of the negotiation of insurance conditions, the provisions contained in an offer or a policy itself shall apply.

## What kind of insurance is this?

The insurance covers the Insured in relation to claims connected with his functions in corporate bodies. The insurance primarily and predominantly protects the personal assets of the Insured.

We protect: a member of the management board, a member of the supervisory board, audit committee, liquidators, employees performing managerial and supervisory functions in a company, persons responsible for keeping accounting books, spouses, heirs and a company in the scope of securities claims, as well as joint and several liability.



## What is the subject matter of insurance?

The D&O liability insurance includes the following:

- ✓ Liability of the insured for claims raised against for the first time during the period of insurance or during the discovery period, reported to the insurer in accordance with the requirements of the insurance agreement,
- ✓ Liability of the company for securities claims,
- ✓ Joint and several liability of the company and the insured in connection with a wrongful act of the insured,
- ✓ Liability of an "outside entity director" and affiliated entities,
- ✓ Liability of a spouse, cohabitee or other similar person (e.g., life partner), a heir, legal representative or an assignee of the insured, arising solely and exclusively in connection with a wrongful act committed by the insured,
- ✓ Costs of:
  - critical company event,
  - extradition proceedings,
  - investigation proceedings,
  - public relation expenses,
  - bail bond and civil bond premium and costs related to asset and liberty proceedings,
  - regulatory crisis response,
  - legal advice,
  - interpretive counsel,
  - defence costs for to bodily injury or property damage,
  - appearance,
  - psychological support,
  - emergency regulatory crisis response costs, defence costs, and investigation costs,

The limit o liability shall be determined individually.



## What is not covered under the insurance?

Insurance coverage does not include, inter alia, the following risks:

- × professional liability
- × third party liability insurance in connection with conducting business operations and possessing property
- × claims and damages excluded from coverage under the insurance agreement
- × claims and damages resulting from a wrongful act of the insured, committed after the end of the insurance period or after the date of transaction
- × claims raised against the insured after the end of the insurance period or the discovery period



## What are the limitations of insurance coverage

Insurance coverage is excluded if, inter alia, resulting from:

- ! any events or circumstances in relation to which the insured, before continuity date, knew or with the observance of due diligence should have known that they may give a rise to a claim; or
- ! any proceedings, including civil, criminal, administrative, regulatory or arbitration proceedings initiated before or pending on the continuity date or a claim brought before such date, or any proceedings or claims based on the same facts that formed the basis of any prior, or pending proceedings or claims;
- ! any wrongful act aimed at obtaining any material or personal benefits to which the insured was not entitled to obtain under applicable laws; or
- ! any wrongful act that constitutes any intentionally committed offence or other wilful act (confirmed by a final and binding court judgement final adjudication or arbitration award, or a written admission of the insured).
- ! bodily injury or property damage. The aforementioned exclusion shall not apply to defence costs and pecuniary compensation for emotional distress in the case of a claim based on an alleged Employment Practices Liability,
- ! claims in the United States of America brought by any of the insured or an outside entity in which the insured person serves or served as an outside entity director or on their behalf.
- ! Moreover, the insurance does not cover any penalties and fines imposed on the company. In addition, the insurance does not cover contractual penalties, fines and penalties imposed on the insured under the provisions of the Tax Code, penal provisions, as well as imposed as a result of intentional conduct, and further penalties, fines and benefits not subject to insurance in the light of applicable law. The insurance does not cover taxes and benefits or employee severance payments.



## Territory of the insurance coverage

- ✓ The insurance agreement shall apply to each and every claim brought against the insured anywhere in the world, unless prohibited by law or other regulations in force in the country of claim. Simultaneously, the insurance agreement shall not cover damage related to a claim raised or initiated in the United States of America, which was raised by any of the insured.



### **What are the obligations of the insured?**

Before concluding the insurance agreement, the policyholder shall be obliged to:

- provide the insurer with information about all known circumstances and answers to questions that are required for risk assessment.

After concluding the insurance agreement, the policyholder shall be obliged to:

- pay a premium or an instalment thereof in accordance with the provisions of the insurance agreement;
- submit in writing a claim within 14 days of becoming aware of the claim which was raised for the first time during the insurance period or the discovery period,
- defend against the claim,
- cooperate with the insurer and provide the insurer with reasonable assistance, as well as take all reasonable measures to minimize the extent of damage and protect the recourse claims of the insurer against third parties which the insurer enters upon the payment of a benefit under the insurance agreement,
- undertake each and every reasonable step to investigate the legitimacy of each claim,
- obtain the consent of the insurer for the recognition of liability, amicable settlement of the claim, costs, fees or expenses, negotiating the terms of the settlement, making the settlement itself and agreeing, in any form, to incur such amounts.



### **How and when to pay the premiums?**

The policyholder is obliged to pay the full premium indicated in the policy or on an invoice which is an integral part of the policy.



### **When does the insurance coverage begin and end?**

The insurance period for which the insurance agreement is concluded is indicated in the policy.

If the Insurer bears liability before the payment of the premium or its first instalment and the premium or its first instalment was not paid in time, the Insurer may terminate the insurance agreement with the immediate effect. If the agreement is not terminated, it shall expire at the end of the period for which the unpaid premium was due. For premium paid in instalments, failure to pay the subsequent premium instalment on time shall cause the Insurer's liability to cease, provided that the Insurer, upon expiry of the deadline, reminded the policyholder to make the payment with a warning that failure to do so within 7 days of the receipt of the reminder will cause the liability to cease. The Insurer's liability shall cease once the Limit of Liability with all additional limits indicated in the policy are exhausted, whereupon the insurance agreement shall expire, unless otherwise agreed.

The coverage shall also cease upon a withdrawal of the insured from the insurance agreement.



### **How to terminate the insurance agreement?**

If the insurance agreement is concluded for a period exceeding 6 months, the policyholder shall be entitled the right to withdraw from the insurance agreement within 7 days from the conclusion thereof.

The parties to the insurance agreement may also terminate thereof with immediate effect within 14 days from the date of requesting an adequate change in the amount of the premium, in the event of disclosing circumstances that would entail a significant change in risk. The request to withdraw from the agreement shall be sent in writing to Colonnade to the address indicated in the policy.