

SALES LITERATURE – PUBLIC OFFERING OF SECURITIES INSURANCE

When a company looks to raise capital through the offer of securities (equity or debt) to the public or seeks an admission to trade securities, a prospectus or listing document is issued which details the financial information about the company and its future objectives and strategies

Offering your company's securities for sale can present many risks, and hidden potential costs, quite apart from the initial costs involved in getting the transaction through. The publication of an offer document, and the marketing presentations during the book building stage give rise to a number of potential liabilities, and open up the company and its directors up to the risk of litigation if the securities' performance is not in line with expectations of the investors. Legal liability exists for material mis-statements or omissions in the documents related to an offering of securities

What is Public Offering of Securities Insurance

Public Offering of Securities Insurance covers the company and its directors / officers against Prospectus claim arising from offering of a company's securities. Public Offering of Securities Insurance offers companies the opportunity to ring-fence the significant exposures presented by securities offerings

Need for Public Offering of Securities Insurance Coverage

- Increased shareholder litigation when the company makes a public offering of its securities
- Responsibilities incumbent on the Directors and Officers of companies for the public offering
- Need for specialist insurance protection for the issuer of securities with suitable protection for the company and its directors / officers
- Criminal and civil exposures for the accuracy of the content of a prospectus as per the Companies Act / SEBI Regulations and/or other applicable laws

Our Public Offering of Securities Insurance policy is a claims made policy which applies only to claims first made during the policy period for securities violations. The limit of liability may diminish or even exhaust with payment of defence costs and the investigation costs

Insuring Agreement: The policy provides for the following covers

- (A) Insured Person Cover
- (B) Company Reimbursement
- (C) Company Cover
- (D) Company Reimbursement for Underwriters
- (E) Controlling Shareholder Cover
- (F) Selling Shareholder Cover

Extensions:

- (A) Investigation Costs
- (B) Estates, Heirs & Legal representatives
- (C) Spouse
- (D) Emergency Costs
- (E) Company Reputational Mitigation Costs
- (F) Extradition Proceedings

Exclusions:

- (A) Unlawful Conduct
- (B) Trustee Liability

- (C) Insured Vs. Insured
- (D) Prior Notice
- (E) Prior Pending Litigation
- (F) Professional Liability

Benefits of Public Offering of Securities Insurance

- Customizable multi-year policy period
- Advancement of defence costs
- Premium can possibly be capitalised and deducted from issue proceeds and thus is not a bottom line deduction from P&L
- Limit of liability can be customized as per requirement

**The above list is not exhaustive, and there are clauses under the policy which restrict the coverage, hence read the policy document carefully