

Introduction:

Directors and Officers have an exposure from claims or losses arising out of actual or alleged wrongful acts while performing their duties. It can be a personal liability on the Directors and Officers. D&O Liability insurance offers crucial protection for individuals serving as directors or officers within a company or organization. It shields their personal assets from legal repercussions stemming from lawsuits and alleged wrongful acts committed in their managerial or supervisory roles.

Who can avail of "Directors & Officers Liability"?

D&O insurance is essential for:

Publicly and Privately Held Companies: Any company with a corporate board or advisory committee should consider a D&O policy to protect its leadership.

Directors and Officers: Individuals serving on a company's board of directors or in key managerial positions (e.g., CEOs, CFOs) face significant personal liability risks.

Key Managerial Personnel (KMPs): Senior-level employees making crucial decisions for the organization also benefit from this protection.

Company Secretaries and Employed Lawyers: Individuals involved in handling legal and administrative matters for the company can be covered.

Legal Heirs and Estate Representatives: Coverage can extend to the legal heirs and representatives of directors and officers in case of legal claims or disputes.

What is the coverage under the policy?

1. Directors and officers Liability Coverage: Insurer will pay, on behalf of an Insured Person, Loss arising from any Claim first made against them and notified during the Period of Insurance in respect of which the Insured is unable to provide an indemnity.

2. Corporate reimbursement Coverage: The Insurer will pay, on behalf of the Company, Loss arising from any Claim first made against an Insured Person and notified during the Period of Insurance if, and to the extent that, the Company is required or permitted to indemnify such Insured Person for such Loss.

3. Shareholder Claim Coverage: The Insurer will pay, on behalf of the Company, any costs and expenses the Company becomes legally liable to pay in respect of a Claim brought against a Director or Officer by a shareholder of the Company, provided such Claim was first made against such Director or Officer and notified during the Period of Insurance.

4. Outside Directorship Company Coverage: The Insurer will pay on behalf of an Insured Person, Loss arising from any Claim first made against them and notified during the Period of Insurance in their capacity as a director including a de facto or shadow director or officer (or position of equivalent status) as defined under the Companies Act of an Outside Directorship Company serving at the specific written request of the Company.

What are the exclusions under the policy?

The Insurer shall not be liable for Loss:

1. Damages: which consists of taxes, fines, penalties, punitive, exemplary or aggravated damages, any loss in respect of which it is illegal to insure or indemnify or damages which are a multiple portion of any lesser damages award.



2. ERISA: directly or indirectly relating to, arising from, or in any way connected with any Claim brought against an Insured for any actual or alleged violation of The Employment Retirement Income Security Act 1974 (USA) and any amendments thereto.

3. Securities:

directly or indirectly relating to, arising from, or in any way connected with any Claim brought against:

1. the Company which is based upon or attributable to the offer, sale or listing of any Securities; or
2. any Insured Person which is based upon or attributable to the offer, sale, or listing of any Securities where such Securities have been offered, sold or listed after commencement of the Period of Insurance; or
3. any Insured Person or the Company for any actual or alleged violation of The Securities Act 1933 (USA) and Securities Exchange Act 1934 (USA) and any amendments thereto based upon or attributable to the offer, sale, listing, purchase or trading of any Securities.

4. Bodily injury and property Damage:

for death, disease, mental anguish or emotional distress, or the illness of, or bodily injury to, any person, or loss of or material damage to any tangible property, including loss of use thereof, save that: 1. this exclusion shall not apply in relation to any actual or alleged mental anguish or emotional distress inflicted by an Insured Person in their capacity as such against a past, present or prospective employee or non-executive Director of the Company for any Wrongful Employment Practice; and 2. the Insurer will pay, on behalf of an Insured Person, Defence Costs arising from any Claim first made against them and notified during the Period of Insurance involving criminal proceedings, including those for corporate killing or corporate manslaughter (or other similar criminal offence in any jurisdiction in which the Company carries on business).

5. Pollution:

directly or indirectly relating to, arising from, or in any way connected with Pollution of any kind, save that:

1. the Insurer will pay, on behalf of an Insured Person, Defence Costs up to the aggregate sub-limit specified in the Policy Schedule arising from any Claim first made against them and notified during the Period of Insurance involving criminal or regulatory proceedings instigated or pursued outside of the United States of America or Canada (including their territories and possessions and any state or political sub-division) in respect of Pollution of any kind; and
 2. will pay, on behalf of an Insured Person, Loss up to the aggregate sub-limit specified in the Policy Schedule arising from any Claim first made against them and notified during the Period of Insurance involving a shareholder and/or bondholder of the Company either directly or derivatively alleging loss in the value of the share capital of the Company by reason of Pollution of any kind.
6. USA/Canada Claims: directly or indirectly based on, arising out of or in any way involving any Claim made, instigated or pursued within the United States of America or Canada (including their territories and possessions and any state or political sub-division) against an Insured Person (whether in the name of the Company or not) by another Insured Person, provided that this exclusion shall not apply to:

1. any Claim brought by one Insured Person against another solely for a contribution or indemnity in respect of a Claim for which both would otherwise covered under this Policy;
2. any Claim brought by an Insured Person who, at the date of instigating such Claim, had ceased to be a Director or Officer by reason of:
 - 2.1. disqualification from holding the office of Director or Officer and/or,
 - 2.2. dismissal from their position as Director or Officer and/or;
 - 2.3. the acquisition of the Policyholder as noted in General Term and Condition 4; 2.4. the Policyholder being wound-up;
 - 2.4. the Policyholder being wound-up;
3. any Claim brought in the name of the Company as a shareholders' derivative action, provided that such Claim is not solicited or assisted by an Insured Person;

4. any Claim brought in the name of the Company by a liquidator, administrator, administrative receiver or receiver, provided that such Claim is not solicited or assisted by an Insured Person.
7. USA/ Canada Employment Practices: directly or indirectly based on, arising out of or in any way involving any Employment Practice Claim made, instigated or pursued against an Insured within the United States of America or Canada (including their territories and possessions and any state or political sub-division), or which is instituted or pursued before an arbitrator, tribunal or any court within the States of America or Canada (including their territories and possessions and any state or political sub- division), whether for enforcement of a judgment or otherwise, or in which it is contended that the laws of the United States of America or Canada (including their territories and possessions and any state or political sub-division) should apply.
8. Excess: falling within the Excess, save that any Excess borne by an Insured shall be reimbursed by the Insurer if final judgment, adjudication or award is given in favor of the Insured by a court or tribunal of competent jurisdiction. For the purposes of this clause, a judgment, adjudication or award shall be regarded as final when all rights of appeal to higher tribunals have been foregone or exhausted.
9. Prior Knowledge incurred as a consequence of any Circumstance:
 1. notified or which should have been notified under any insurance which was in force prior to the Period of Insurance; or
 2. known to an Insured Person prior to the Period of Insurance and which that Insured Person ought reasonably have expected would give rise to a Claim against any Insured.
10. Outside Directors Company: directly or indirectly based on, arising out of or in any way involving a Claim brought or maintained by or on behalf of an Outside Directorship Company except
 1. a Claim that is a derivative action brought or maintained on behalf of an Outside Directorship Company by one or more persons who are not directors, officers, trustees or governors of such Outside Directorship Company and who bring or maintain the Claim without the solicitation, assistance or active participation of such Outside Directorship Company or its directors, officers, trustees or governors or any Insured Person;
 2. an Employment Practice Claim brought or maintained by a director, officer, trustee or governor of such Outside Directorship Company;
 3. a Claim brought or maintained by an external auditor appointed by the Outside Directorship Company; or
 4. a Claim brought or maintained by a liquidator, receiver or administrative receiver or equivalent in any jurisdiction on behalf of an Outside Directorship Company without the solicitation, assistance or active participation of any Insured Person or by or on behalf of any director including a de facto or shadow director or officer (or position of equivalent status) as defined under the Companies Act in such Outside Directorship Company.
11. Dishonesty:
directly or indirectly based on, arising out of, or in any way involving:
 1. any dishonesty, fraud or malicious conduct found by way of judgment, adjudication or award to have been committed by an Insured Person;
 2. an Insured Person found by way of judgment, adjudication or award to have gained any profit or advantage or to have received any remuneration to which he or she was not legally entitled;
 3. profits in fact made from the purchase or sale by an Insured of Securities of the Company.
12. Breach of professional Duty:
directly or indirectly based on, arising out of or in any way involving any breach of a professional duty to a client or a customer or another third party who relies on advice, a design, specification or other professional service provided by or on behalf of an Insured, provided that this exclusion shall not apply to a Claim brought by any shareholder of the Company arising out of or alleging a failure on the part of an Insured Person to supervise those who performed or failed to perform such professional services.



13. Major Shareholder: directly or indirectly based on, arising out of or in any way involving any Claim made (whether in the name of the Company or not) instigated by, or on behalf of, or for the benefit of, any person or entity holding beneficially or otherwise 20% or more of the issued share capital of the Company.

Cancellation

1. The Insured may cancel this Policy at any time in writing to the Insurer. Upon receipt of notice of cancellation, the Insurer will retain a short period premium calculated on its short term rates for the time it has been on risk and the Insured will receive a refund of any balance of the premium actually paid.
2. The Insurer may cancel this Policy by giving at least thirty (30) days' notice in writing to the Insured of the date from which such cancellation is to take effect.

Grievance Redressal Procedure:

1. In case of any grievance the insured person may contact the company through
Website: <https://www.royalsundaram.in/customer-service>
Contact Numbers: 1860 258 0000, 1860 425 0000
E-mail: manager.care@royalsundaram.in
Sr. Citizen can email us at: seniorcitizengrievances@royalsundaram.in
Fax: 044-7117 7140
Courier: Grievance Redressal Unit
Royal Sundaram General Insurance Co. Limited
Vishranthi Melaram Towers,
No.2/319, Rajiv Gandhi Salai (OMR) Karapakkam, Chennai – 600097.

The insured may also approach the grievance cell at any of the company's branches with the details of the grievance. If the insured is not satisfied with the redressal of the grievance through one of the above methods, the insured may contact the grievance officer

Mr. T M Shyamsunder
Grievance Redressal Officer,
Royal Sundaram General Insurance Co. Limited,
Vishranthi Melaram Towers, No.2/319, Rajiv Gandhi Salai (OMR),
Karapakkam, Chennai – 600097.

For updated details of the grievance officer, kindly refer the link <http://www.royalsundaram.in>.

If Insured is not satisfied with the redressal of the grievance through the above methods, the insured may also approach the office of Insurance Ombudsman of the respective area/region for redressal of the grievance as per Insurance Ombudsman Rules 2017. Grievance may also be lodged at IRDAI Integrated Grievance Management system <https://bimabharosa.irdai.gov.in>.

2. Consumer Affairs Department of IRDAI

- a. In case it is not resolved within 15 days or if you are unhappy with the resolution, you can approach the Grievance Redressal Cell of the Consumer Affairs Department of IRDAI by calling Toll Free Number 155255 (or) 1800 4254 732 or sending an e-mail to complaints@irdai.gov.in. You can also make use of IRDAI's online portal – Bima Bharosa Portal by registering your complaint at <https://bimabharosa.irdai.gov.in/>
- b. You can send a letter to IRDAI with your complaint on a Complaint Registration Form available by clicking here. You must fill and send the Complaint Registration Form along with any documents by post or courier to General Manager, Insurance Regulatory and Development Authority of India (IRDAI), Consumer Affairs



Department - Grievance Redressal Cell, Sy.No.115/1, Financial District, Nanakramguda, Gachibowli, Hyderabad- 500032.

- c. You can visit the portal <https://bimabharosa.irdai.gov.in/> for more details.

3. Insurance Ombudsman

If the **Insured** is not satisfied with the redressal of grievance through the above methods, the **Insured** may also approach the office of the Insurance Ombudsman of the respective area/region for redressal of grievance as per the Insurance Ombudsman Rules 2017. You can approach the Council for Insurance Ombudsman depending on the nature of the grievance and financial implications, if any. Information about Insurance Ombudsmen, their jurisdiction, and powers is available on the website of the Insurance Regulatory and Development Authority of India (IRDAI) at www.irdai.gov.in. For the updated list of the offices of the Insurance Ombudsman, we request you to visit the website of the Council for Insurance Ombudsman at <https://www.cioins.co.in/ombudsman> or on our company website at www.royalsundaram.in. You can also lodge an online complaint with the Council for Insurance Ombudsman through the website of the Council for Insurance Ombudsmen (CIO) at www.cioins.co.in

Section 41 in the Insurance Act, 1938

41. Prohibition of rebates

(1) No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer: Provided that acceptance by an insurance agent of commission in connection with a policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of premium within the meaning of this sub-section if at the time of such acceptance the insurance agent satisfies the prescribed conditions establishing that he is a bona fide insurance agent employed by the insurer.

(2) Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees.

Note: In case of any conflict, the terms and conditions mentioned in the policy document shall prevail.