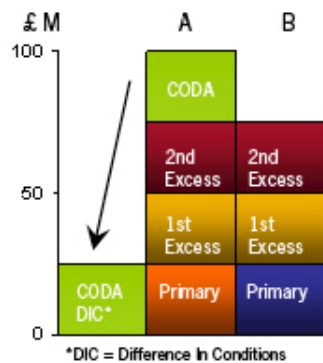




ACE Bermuda International CODA

Personal Asset Protection for Directors and Officers

Corporate Officers and Directors Assurance Ltd. (CODA) is designed to provide the broadest possible coverage for directors and officers when their company fails to indemnify them, or when traditional insurance programmes fail to respond.



The CODA policy is designed as a catastrophe product providing broad individual protection for directors and officers. Limits up to £15,000,000 are regularly available (or £25M by special arrangement).

Traditional D&O liability insurance, which is purchased by most companies, generally covers claims against directors and officers under two parts. The first part covers the personal liability of directors and officers for loss not indemnified by the company (Side A coverage). The second part covers the company's indemnification of directors and officers (Side B coverage). The Side A coverage for loss not indemnified by the company is the most important for directors and officers since this is the coverage that protects their personal assets.

For a variety of reasons, a company may be legally prohibited from indemnifying or financially unable to indemnify its directors and officers, or may wrongfully fail to grant such indemnification. In those instances, directors or officers will be forced to personally pay any defence costs, settlements or judgements in any claim against them unless Side A coverage responds.

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CODA Benefits Include

1. **Commitment to contract certainty** - policies issued at inception.
2. **Extremely Broad (Side A) Coverage**
 - The CODA policy provides protection against shareholder derivative claims, the number of which are expected to grow significantly given that statutory procedures are now in place to facilitate the filing of such actions. Note: Companies cannot indemnify directors or officers against their personal liability arising from such actions.
 - Responding to recent changes in law (Companies Act 2006), CODA affords protection for costs, fees, charges and expenses that have been advanced by the company and that subsequently have to be reimbursed.
 - The CODA policy may not be rescinded or avoided, in whole or in part, for any reason.
 - No presumptive indemnification – the CODA coverage applies first dollar if the company rightly or wrongful refuses, or is financially unable, to indemnify.
 - Seamless coverage – if standard exclusions contained in the CODA policy are found to be more restrictive than those in the immediate underlying policy then they are automatically amended in order to ensure that seamless coverage is provided over and above such underlying cover.

3. No Limit of Liability Dilution

The CODA policy is designed solely to protect the personal assets of directors and officers, not corporate assets. Unlike traditional D&O policies, CODA policy limits cannot be reduced or exhausted by amounts paid by the Company as indemnification or amounts incurred as a result of claims brought against the Company itself.



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CODA

4. Drop Down Coverage (DIC)

The CODA policy provides excess coverage but can “drop down” to be primary where the underlying insurers are insolvent, fail to pay, rescind their policies or simply don’t provide coverage. While more difficult exposures may be excluded by underlying insurers, CODA often succeeds in providing coverage.

2008 CODA Enhancements

1. Protection against Payment Delays

The policy is designed to drop down under circumstances where underlying insurance fails to pay a loss within 60 days. The requirement for an underlying insurer to “refuse to pay” has been removed and the policy can now respond where an underlying insurer simply refuses to respond or is unreasonably slow in making a payment.

2. Extradition

Extradition coverage is now provided as a standard feature of the policy, without any sub-limit.

3. Investigations

Claims have been extended to include investigations into the affairs of the company, thereby allowing coverage for the insureds’ non-indemnifiable legal costs associated with their representation, as insureds.

4. Claimants’ Costs

Defence costs are specifically defined to include costs incurred by claimants in bringing claims. Since the policy contains exclusions that do not apply to defence cost, this is potentially a significant extension of coverage. For example, directors can defend an allegation of dishonesty knowing that, if they are unsuccessful, CODA will not apply the dishonesty exclusion to preclude coverage for the other side’s costs that are assessed against such directors.

5. Broad Legal Costs Coverage

CODA will not take into account the likelihood of success when considering whether defence costs are reasonable and necessary. This benefit now applies to all claims.

Advantages include:

- One possible basis for denying extradition claims is removed;
- Insureds will not be denied coverage where the defence position (in the opinion of the Insurer) is very likely to fail. Clients fully expect to be supported by their insurers in such situations where their livelihoods are at stake or they need to defend their own personal reputations.

Since there is no requirement for CODA to approve the appointment of lawyers, legal representation can be wholly independent of the insurer and a proper defence sustained even where the claimant has a seemingly unanswerable case.

6. Outside Board Coverage

Blanket outside board coverage (no schedule required) for all current or prior main board directors - see policy for details.

About CODA

CODA was formed by its policy holders in 1986 and acquired by ACE Bermuda Insurance Ltd. in 1993. For more than 20 years, CODA has been the industry leader in providing the highest quality personal asset protection insurance coverage for directors and officers of large multinational corporations. Our latest CODA product is designed specifically for the UK market and has been developed by ACE Bermuda International in collaboration with CODA underwriters at ACE Bermuda.

This is a partial guide only; any coverage offered is subject to policy terms and conditions. ACE Bermuda International is authorised and regulated by the Irish Financial Regulator.

