

## Management Liability for Private Companies

Directors of all companies are now held, at an unprecedented level, to be personally responsible for any actions and decisions they make on behalf of the company – **putting their personal assets at risk if those decisions are tested in the courts.**

Legally, the directors of a company and the company itself **are separate entities** – so they can both be defendants, separately or jointly, in any legal action or prosecution.

To protect the personal assets of individuals and cover the costs of their defence, Directors & Officers Insurance is widely used – however, the company is excluded from this cover, leaving it to fund its own defence and liable for any awards or costs made against it, eating into its reserves or even bringing into question its future viability.

This effectively means that directors of private companies, whilst seeking protection against loss of their personal assets by a D&O policy, can still lose a great proportion of those assets, the value of their holding in the company, if the company should be sued or prosecuted.

Guardrisk Allied Product and Services (GAPS) in conjunction with AIG South Africa, recognises this problem and provides the product PrivateEdge a unique mechanism to allow the company itself to be brought under the protection of the policy.

### Who is the target Market?

Private companies with a turnover not exceeding R200 million.

### What next?

Contact your broker or the Product Owner for further information.

Online Proposal Document available on [www.guardrisk.co.za](http://www.guardrisk.co.za)

## Essential Contact Information

### Essential Guardrisk Contacts

Guardrisk Helpline: 0860 002 500  
Guardrisk Web: [www.guardrisk.co.za](http://www.guardrisk.co.za)  
Guardrisk Email: [info2@guardrisk.co.za](mailto:info2@guardrisk.co.za)  
Complaints & Compliments:  
[gripes&grins@guardrisk.co.za](mailto:gripes&grins@guardrisk.co.za)

### **Administored By:**

Guardrisk Allied Products and Services (Pty) Ltd  
Co.Reg No.: 2007/016202/07  
FSP No.: 10411  
An Authorised Financial Services Provider

### Essential Private Edge Contacts

Quotes, Queries, and Standard  
Policy Wordings

**Patience Thabethe**  
Tel : (011) 669 1209

Email: [thabethep@guardrisk.co.za](mailto:thabethep@guardrisk.co.za)

### Claims

AIG South Africa Limited

**Hazel Ramela**  
Tel: (011) 551 8130  
Cell: (076) 235 9518  
Email: [hazel.ramela@aig.com](mailto:hazel.ramela@aig.com)

## Who will be covered?

- Past and present Directors
- Past and present Officers
- Employee Benefit Fund Trustees
- **The Company**

## What will be covered?

The liability exposure of the company, individual Directors and Officers including:

### Labour Practice Liability

- Covers the losses arising from a claim made by an employee by reason of any Labour Practice Violation.

### Trustee Liability

- Covers the losses arising from any breach of trustee responsibility in connection with any employee benefit fund.

### Company Management Liability

- Covers losses by reason of any wrongful act.
- Reimburses the company for losses it has or was legally entitled to indemnify its directors for.

### Personal Management Liability

- Covers the loss by reason of any wrongful act in their capacity as a director or officer of the company, except for and to the extent that the company is legally permitted or required to indemnify the insured person for such a loss.

### Crisis Containment

- Covers the public relations costs necessary to manage a crisis that may result in a financial loss. Such crises may arise from:
  - The loss of intellectual property rights acquired under patent, trademark or copyright
  - The loss of a major client or contract
  - Acts committed on the premises that result in employee / customer trauma
  - Damage to property
  - Product recall

## Policy Extensions

- Representation at official investigations and examinations.
- Outside directorship cover
- Automatic cover for new subsidiaries
- Joint property liability
- Should the policy not be renewed or replaced, there is an option to extend the period in which claims can be made but only in so far as they relate to wrongful acts committed prior to the non-renewal or replacement

- Automatic cover for a period of 6 years for directors and officers after they have left or retired if the policy is not renewed or replaced

## What is excluded?

Some of the major exclusions are:

- Any criminal, dishonest, fraudulent or willful act
- Contractual liability of the company
- Patent/copyright disputes
- Compensation claims for bodily injury/property damage (other than emotional distress for Employment Practice claims)
- Insured vs Insured
- Professional services
- Claims by major shareholder exclusion
- Loss arising out of the insolvency of your Company
- Acts committed outside of South Africa
- Insolvency exclusion

The removal of exclusions may in some instances be negotiated.

Please refer to the policy document for the full extent of cover.

## What cover options are available?

- Executive Accident Protection

## What is the Pricing?

A premium of R 188 per month for a limit of R 1 million applies. Quotations can be obtained for limits up to R 15 million subject to a completed proposal form.

## Underwritten by:

### AIG South Africa Limited

Registered address: 10 Queens Road, Parktown, Johannesburg, 2193  
Registration number: 1962/003192/06

### Compliance officer contact details:

Refilwe Moletsane 011 551 8065



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