



Product Profile

Dragonshield™ Public Offering of Securities Insurance (POSI)

The process of raising capital through an initial public offering (IPO), or secondary listing, introduces concentrated and significant litigation exposure to a company's risk profile. Securities legislation imposes wide-ranging liability for any misrepresentation and misleading statements made in an offering prospectus or at a listing roadshow. Liability extends to the company, of course, but extends beyond the limits of the corporation to encompass directors and officers, both past and present, and current shareholders, all of whom may be targeted for litigation by investors or regulators.

Public Offering of Securities Insurance (POSI) protects against this exposure by providing coverage in the event of litigation arising from the capital raising process. Coverage is provided to the company, its directors and officers, the controlling shareholder and any shareholders selling shares in the offering. It is also available to the underwriters of the offering which benefit from indemnities in the underwriting agreement.

Why should companies purchase POSI?

- The enhanced exposure created by regulations governing capital raising makes it essential for a company to have POSI, a high-limit insurance coverage focused solely on its public offering.
- POSI "ring-fences" exposure due to an offering from the company's other insurances, enabling the company to retain its Directors' and Officers' Liability Insurance (D&O) to cover exposure arising from its on-going day-to-day operations.
- POSI also ensures that bespoke insurance limits can be purchased to reflect the concentrated high-risk exposure arising from a listing.
- POSI provides cover for all parties involved in an offering, including sleep-easy insurance for selling shareholders (venture capital, PE firms etc.) and past directors and officers
- The non-cancellable multi-year term of POSI, provides longer term guaranteed protection (typically 3 to 6 years) for exposure from the offering.

What makes Dragonshield POSI different?

In addition to the covers afforded by a traditional POSI, Dragonshield POSI also provides a number of market leading enhanced coverage features, including:

- Elective Side-A Reinstatement cover
- Investigative Costs cover for Derivative Demand
- Relief from claims notification obligations when a statutory duty of confidentiality is imposed
- PR expenses incurred from IPO delay by force majeure
- Value-Added Services (Regulatory Crisis Response cover and Crisis Management cover)
- **IPO Boost**

American International Group, Inc. (AIG) is a leading international insurance organization serving customers in more than 100 countries and jurisdictions. AIG companies serve commercial, institutional, and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

Additional information about AIG can be found at www.aig.com | YouTube: www.youtube.com/aig | Twitter: @AIG_LatestNews | LinkedIn: <http://www.linkedin.com/company/aig>

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What is IPO Boost?

IPO Boost is a revolutionary feature which enables an unused portion of the POSI policy limit to be transferred over to the company's D&O policy as and when needed. Using IPO Boost, the POSI Limit may be transferred to the D&O as:

- **Excess limit cover**, in the event loss arising from a claim under the D&O policy exceeds the D&O limit; and
- **Reinstatement cover**, to cover future claims when the D&O policy limit has been fully eroded.

Why AIG?

AIG's pioneering global experience in designing and providing corporate liability insurance, coupled with its significant financial strength, makes it the insurer of choice for a company's D&O and POSI needs. In addition to its dedication and commitment to provide innovative solutions and first-in-class claims service, AIG is able to:

- provide net limits of liability of up to US\$30million
- offer a longer policy period up to 12 years
- underwrite a wide spectrum of risks in most business segments globally
- offer nil retention for all the Covers and Extensions under Dragonshield POSI

This product profile is intended as a guide to coverage benefits only. The precise scope and breadth of policy coverage is subject to the specific terms and conditions of the policy wording.



Bring on tomorrow

AIG Insurance Hong Kong Limited
46/F, One Island East
18 Westlands Road
Island East, Hong Kong

852 3555 0000 Telephone
852 2147 1450 Facsimile
www.AIG.com.hk