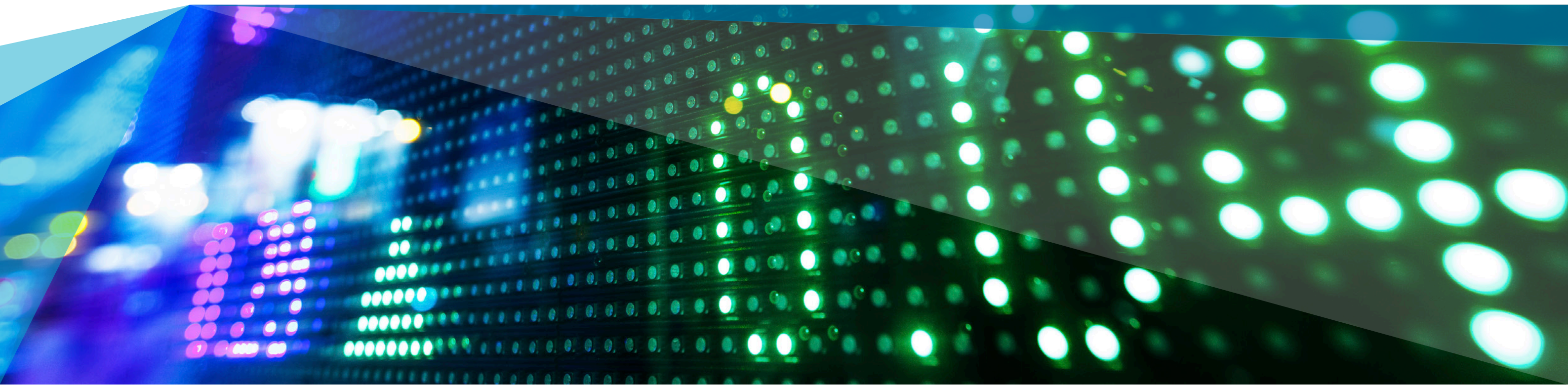
PUBLIC OFFERINGS OF SECURITIES INSURANCE



Offering securities to the public can create significant new exposures for a company and its directors. On an offering, you need to consider the potential liabilities and address the key risks accordingly.

WHAT ARE THE KEY RISKS THAT AN OFFERING MAY BRING?

An offering of securities to the public can lead to greater scrutiny by regulators and therefore heightened exposure to regulatory investigations.

Post-offering, an investor may bring a claim after they have relied upon on a statement (or an omission) in your prospectus that the investor later considers to be untrue or misleading.

As part of the offering process, you will have engaged experienced advisers, so the chance of a claim being successful against your organisation and its directors should be limited. However, the claim will still require a defence (or at least a response) and this can incur significant costs.

WILL YOUR ORGANISATION'S DIRECTORS AND OFFICERS (D&O) POLICY RESPOND?

A typical D&O liability insurance policy excludes cover for public offerings, or requires the offering company to pay an additional premium as a precondition to cover. If cover is extended under the D&O policy for a transaction, often this will only be available to the individual directors and officers and not the company itself.

WHAT IS A PUBLIC OFFERING OF SECURITIES INSURANCE (POSI) POLICY?

A POSI policy offers bespoke cover for public offerings including initial public offerings and debt or equity rights issues, and specifically responds to the risks associated with the offering faced not only by your directors but also your organisation and any controlling or selling shareholders.

Most importantly, a POSI policy operates to ring-fence the transaction exposure away from your organisation's conventional D&O programme, leaving the D&O programme to respond to "business as usual" risks faced by the directors.

When undertaking a public offering, many organisations purchase a POSI policy alongside their existing D&O policy.

MARSH'S POSI POLICY

Developed exclusively for Marsh clients, our new POSI product is designed to fit with your existing D&O policy, without the need to make wholesale changes to the terms of the POSI policy. This innovative approach to POSI drastically reduces the risk of gaps occurring in cover between the POSI programme and the D&O programme, and enables the POSI programme to be placed quickly and efficiently.

In addition to sitting seamlessly alongside any D&O policy, Marsh POSI provides extremely broad coverage, with only three limited exclusions.

MARSH

KEY BENEFITS

FITS SEAMLESSLY WITH EXISTING D&O ARRANGEMENTS

- Marsh POSI includes a difference in conditions clause to ensure the POSI policy automatically reflects the terms and conditions of your D&O policy.

BROAD COVER

- Cover is provided to your organisation, its individual directors and officers, and also for controlling and selling shareholders.
- Cover is also available for any indemnities provided by the directors to the deal underwriters.
- Cover includes full limit cover for:
  - Official investigations and pre-claim inquiries.
  - Derivative shareholder costs.
- All covered claims relating to the offering will be provided for under this one policy. This includes the management decisions leading up to the offering, as well as the roadshows and investor presentations thereby truly ring-fencing transaction exposures away from the D&O programme.
- An additional limit for non-executive directors is also available when indemnifications are unavailable and the policy limit of liability has been exhausted by payments advanced by the insurer.
- Short response and favourable reporting times.
- The term of Marsh's POSI policy is six years to align with the UK statute of limitations.
- Marsh's POSI policy is fully non-rescindable, non-cancellable (except for non-payment of premium) and non-renegotiable; once incepted, there is no risk of changes to cover mid-term, even following notification of a claim.
- Coverage is extended automatically to include subsequent offerings on the same exchange within the 12 months following the initial transaction, subject to a threshold percentage of the value of the initial offering.

KEY FACTS

CAPACITY AVAILABLE

Limits can be purchased up to GBP350million (subject to risk profile, transaction, and market conditions).

INSURERS UNDERWRITING MARSH POSI

Marsh POSI is underwritten by a number of insurers consisting of both company markets and Lloyd's syndicates.

CLAIMS

Marsh has a dedicated financial lines claims team which Marsh POSI clients can access.

For more information about Marsh's public offering of securities insurance and other solutions from Marsh, visit marsh.co.uk, or contact your local Marsh representative.

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The information contained here is based on the cover available under the standard Marsh POSI offerings. Underwriters review each client's risk individually. Each insurer's POSI offering may differ and insurers may vary the offering or apply additional restrictions for individual clients based on their review of that client's underwriting submission.

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