



## D&O Liability Risk Assessment Guide

Does my company need locally admitted D&O liability insurance?

### Important considerations for multinational D&O liability coverage.

Countries around the world are stepping up their regulation of companies that do business within their borders. Keeping pace with constantly evolving, increasingly complex local-country regulations is difficult. "Worldwide" coverage in a domestic policy may not provide adequate local coverage or comply with local regulations, thereby leaving a local insured without the desired coverage. Noncompliance can result in unwanted outcomes, such as:

- Prohibition against payment of insurance proceeds on behalf of directors and officers in the local country,
- Potential penalties and fines against local entities, and
- Corporate taxes resulting from inter-company transfers of insurance proceeds.

### Assessing your multinational D&O risk

The step-by-step guide on the following pages will help you start a discussion with your insurance agent or broker about your company's multinational D&O liability risks. It can help you:

- Clarify and pinpoint your company's multinational D&O liability exposures, and
- Build an insurance program that best addresses those exposures.

### What you can expect from Chubb

- **Expertise and responsiveness** that is rooted in more than 40 years of multinational insurance experience and the ability to issue policies and service your company in more than 100 countries through our integrated network of Chubb offices and affiliates.
- **Contract compliance** through locally admitted policies.
- **Contract continuity** through a full suite of multinational property/casualty, management liability, and personal policies.
- **Multilingual underwriting professionals** who are well-versed in local regulations and culture.
- **Superior claim handling** by Chubb multinational claims personnel positioned around the world and supported by a U.S.-based Multinational Claim Unit staffed with professionals who can assist in more than 140 languages.
- **The financial stability** required to offer insurance on a global basis.

## Multinational D&O liability risk assessment questions

Consider the questions posed in Steps 1 through 5 below, and then fill in your responses using the corresponding chart on this page and the next.

### STEP 1

#### What are your top multinational D&O liability concerns?

Identifying your company's primary multinational D&O liability concerns can help you focus on the countries where a locally admitted policy may be the best way to address such concerns.

Using the chart below, review the questions under Step 1 and check those that most accurately describe your company's concerns.

| STEP 1  |                          |                          |
|---|--------------------------|--------------------------|
| What are your top multinational D&O liability concerns?   |                          |                          |
| <b>Complying with local laws or regulations?</b><br>Is locally admitted D&O liability insurance required for in-country claim payments? | Yes                      | No                       |
|   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>D&amp;O liability insurance coverage being at the local-market standard?</b><br>Is broader coverage available in-country?            |                          |                          |
|   | <input type="checkbox"/> | <input type="checkbox"/> |
| Is specific country coverage needed to more effectively protect the directors and officers of local subsidiaries?                       | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Company indemnification risks?</b><br>Is indemnification prohibited by local law?  | <input type="checkbox"/> | <input type="checkbox"/> |
| Is indemnification permitted by local law, but conditional, i.e., legally permitted only in certain circumstances?                      | <input type="checkbox"/> | <input type="checkbox"/> |
| Do local subsidiaries not have bylaws that show evidence of indemnification of local directors or officers?                             | <input type="checkbox"/> | <input type="checkbox"/> |
| Is indemnification by the parent company not expressly stated as available to all subsidiary directors and officers?                    | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Others:</b>  | <input type="checkbox"/> | <input type="checkbox"/> |
|   | <input type="checkbox"/> | <input type="checkbox"/> |

### STEP 2

#### Where does your company do business globally?

List the countries where your company has one or more owned subsidiaries (incorporated entities) outside of your home country.

### STEP 3

#### Where does your company have a physical presence?

Indicate whether your company has locally domiciled "bricks and mortar" operations in each country listed in Step 2.

**STEP 4**

**What is the nature of your company's exposure in these countries?**

For each country you listed in Step 2, indicate the most recent annual revenue, total assets, and employee count. These measures may be key factors in helping you decide where to purchase locally admitted coverage.

**STEP 5**

**What potential D&O liability risks does your company face in these countries?**

For each country listed in Step 2, indicate whether the local subsidiaries (incorporated entities) have executive officers or local boards of directors composed of:

- Outside directors,
- Local executive officers, or
- Parent company executives serving as local directors or officers.

"Yes" answers indicate a higher priority need for locally admitted D&O insurance.

| STEP 2<br>Where does your company do business globally? | STEP 3<br>Where does your company have a physical presence? |                          | STEP 4<br>What is the nature of your company's exposure in these countries? |              |                     | STEP 5<br>What potential D&O liability risks does your company face in these countries? |                          |                           |                          |   |                          |
|---|---|--------------------------|---|--------------|---------------------|---|--------------------------|---------------------------|--------------------------|---|--------------------------|
|   |   |                          | Annual revenue  | Total assets | Number of employees | Outside directors?  |                          | Local executive officers? |                          | Parent company executives on local board? |                          |
|   | Yes   | No                       |   |              |                     | Yes   | No                       | Yes                       | No                       | Yes                                       | No                       |
|   | <input type="checkbox"/>                                    | <input type="checkbox"/> |   |              |                     | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>                  | <input type="checkbox"/> |
|   | <input type="checkbox"/>                                    | <input type="checkbox"/> |   |              |                     | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>                  | <input type="checkbox"/> |
|   | <input type="checkbox"/>                                    | <input type="checkbox"/> |   |              |                     | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>                  | <input type="checkbox"/> |
|   | <input type="checkbox"/>                                    | <input type="checkbox"/> |   |              |                     | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>                  | <input type="checkbox"/> |
|   | <input type="checkbox"/>                                    | <input type="checkbox"/> |   |              |                     | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>                  | <input type="checkbox"/> |
|   | <input type="checkbox"/>                                    | <input type="checkbox"/> |   |              |                     | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>                  | <input type="checkbox"/> |
|   | <input type="checkbox"/>                                    | <input type="checkbox"/> |   |              |                     | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>                  | <input type="checkbox"/> |
|   | <input type="checkbox"/>                                    | <input type="checkbox"/> |   |              |                     | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>                  | <input type="checkbox"/> |

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## **YOUR NEXT STEP**

### **A deeper analysis of your exposures and possible insurance solutions.**

By completing this guide you have framed the key risk factors to now engage your agent or broker to help you consider the need for local coverage. This information will allow your agent or broker to pursue an insurance proposal from Chubb that will address your company's specific multinational D&O liability exposures.

A knowledgeable Chubb Multinational Solutions expert is ready to work with you and your agent or broker to explore the process of designing and implementing an appropriate multinational D&O liability insurance program for your company.

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**Chubb Group of Insurance Companies | [www.chubb.com](http://www.chubb.com)**

Chubb refers to the insurers of the Chubb Group of Insurance Companies. Not all insurers do business in all jurisdictions. This literature is descriptive only. Actual coverage is subject to the language of the policy as issued. Chubb, Box 1615, Warren, NJ 07061-1615.

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