

Public Offering of Securities Insurance - Prospectus

An initial public offering, or IPO, is the first sale of securities by a company to the public. IPO involves the submission of a prospectus, which provides prospective shareholders with considerable information about the company. An IPO is likely to result in a large, diverse group of new shareholders. As this information is the main source based on which the prospective shareholders of the company make their investment decisions, it may become the basis for litigation if shareholders suffer losses on account of wrong statements, false proclamations and negligent pronouncements in the prospectus.

Prospectus discusses the objective of the issue, details of the offer, risk factors, management perceptions thereof and notes to risk factors, past financial statements, bio-data of the directors and key officers of the company, outstanding litigation, defaults, material developments and material contracts. Prospectus is the main source of information for intending investors. For the purpose of POSI, the offering can be an IPO/ FPO/ Rights issue/ ADR issue/ GDR issue etc. If due diligence is not exercised and adequate care is not taken in drafting the prospectus, it can lead to error, breach of trust and duty, misleading statement, act, omission or neglect. This has serious implications in terms of liability and punishment for those associated with the prospectus as per various sections of the Companies Act 2013. If litigation takes place in other countries, the penal provisions as applicable in the relevant jurisdiction may be harsher. It is possible to cover liabilities from some of the above exposures under a POSI policy for claims related to the offering document, statements made in the road shows and investor presentations.

WHY PUBLIC OFFERING OF SECURITIES INSURANCE?

POSI gives companies the opportunity to ring-fence the significant and long-term exposure presented by securities offerings. POSI being a transaction specific product ensures suitable coverage to the insureds and protects the existing D&O contracts. Accounting rules may allow for the POSI premium to be capitalized against the offer proceeds, without being considered as a bottom line deduction from the company's profit and loss account. POSI is a transaction specific product and the policy period can be customized to provide protection for up to ten years.

FEATURES OF POSI:

- Prospectus Liability
- Underwriter exposure from the Actual or alleged untrue or misleading statement or information from the Prospectus
- Defense Cost
- Controlling and Selling Shareholder Liability from the Actual or alleged untrue or misleading statement or information from the Prospectus

WHAT DOES POSI COVER?

Public Offering of Securities Insurance (POSI) policy protects a Company and its Directors against liabilities arising from offering the company's securities for sale and listing on a public stock exchange.

The policy covers –

1. Directors' and Officers' Liability Coverage
2. Company Reimbursement Coverage
3. Securities Claim Coverage
4. Legal Representation Expenses (Formal Investigation)
5. Public Relations Expenses

The policy extends to cover –

- Advancement of Defence Costs & Legal Representation Expenses
- Emergency Defence Costs
- Spouses, Heirs & Representatives :- Cover shall extend for claims of an Insured Person made against Spouses, Heirs & Representatives.

EXCLUSIONS

This policy will not pay for any loss arising out of, or in any way connected with:

- Prior Notice
- Pending or Prior

- Consensual Claim
- U.S.A Insured vs. Insured
- Bodily Injury & Property Damage
- Professional Services
- Dishonesty
- Erisa
- War and Civil War
- Dishonesty of Organisation
- Contractual Liability

CLAIMS

I. CLAIMS NOTIFICATION

In the event of loss and/or damage which may reasonably give rise to a circumstance/claim under this Policy:

- a. The Insured shall notify the Company in writing (with full particulars of the claim or circumstances) of the knowledge of the claim and circumstances immediately and not later than the reporting period specified in the Policy
- b. The Insurer shall verify the claim notified in the area of Coverage through various means and shall notify the acceptance/rejection of such claim to the Insured
- c. The Insured shall not negotiate /admit liability or make any promise payment ,incur any defense cost or expenses or settlement without the Insurers written consent
- d. The Insured shall give all such information and assistance as the Insurer may require

II. CLAIMS PROCESSING

a) Claim Acknowledgement and Preliminary documents for assessment of loss:

An acknowledgement is sent to the insured/ alongwith the claim no. and list of preliminary documents / requirements such as:

1. Duly completed and signed claim form/details of incident and/or loss
2. Description of the events , in chronological order, as to how, when and where the circumstances leading to the claim or suit occurred
3. Date when the insured became first aware of such complaint/demand/circumstance
4. Details of the claimants
5. Copies of all written demands / court proceedings initiated against the Insured including the response of the insured to the said demand/ court proceedings
6. Copies of contract copies along with annexures entered between the insured and their clients
7. Details and breakup of the quantum claimed and supporting of the same In case if no quantum is claimed, the estimate of the damages likely to be claimed ;
8. Copies of all relevant communications exchanged between the parties between the claimant and the insured and any agreements entered into;
9. Opinion of the counsel in connection to the merits and demerits of the case
10. Details of other persons or entities which may be responsible or liable for the loss or damage being claimed; and
11. Contact details of Insured's person handling the claim in Insured's company.
12. Copy of the Prospectus
13. Any other document/ information in support of the claim

The insurer, on its sole discretion, shall take decision on appointment of Surveyor/investigator, if required

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The Insurer shall verify the claim notified in the area of Coverage through various means and documents and shall notify the acceptance/rejection of such claim to the Insured

III PAYMENT OF THE CLAIM:

On receipt of all the documents/information that is relevant and necessary for the claim. Where the insurer found the claim to be admissible subject to terms & condition of policy, the Insurer within the period of 30 days from the receipt of the final documents and/or additional information/documents as the case may be., shall offer a settlement of the claim to the Insured.

IV REJECTION OF THE CLAIM :

On receipt of all the documents/information that is relevant and necessary for the claim. Where the insurer found the claim to be inadmissible subject to terms & condition of policy, insurer shall reject the claim under policy within the period of 30 days from the receipt of the final documents and/or additional information/documents as the case may be.

V CONTACT DETAILS FOR CLAIMS

Claims Department
HDFC ERGO General Insurance Company Limited
6th Floor Leela Business Park, Andheri Kurla Road,
Andheri East, Mumbai-400059 India

Claim can also be notified digitally by sending an email with complete description of loss to: care@hdfcergo.com or a call at 022 – 6234 6234

CONDONATION OF DELAY

The Company may condone delay in claim intimation/ document submission on merit, where it is proved that delay in reporting of claim or submission of claim documents, is due to reasons beyond the control of the Insured.

Notwithstanding the above, delay in claim intimation or submission of claim documents due to reasons beyond the control of the Insured shall not be condoned where such claims would have otherwise been rejected even if reported in time.

RECTIFICATION OF POLICY AFTER A LOSS

Rectification of policy after a loss is reported for reasons other than breach of condition / warranty should be carried out as Underwriting Manual

RENEWAL

The Company shall be under no obligation to renew the policy on expiry of the period for which premium has been paid. The Company reserves the right to offer revised rates, terms and conditions at renewal based on claim experience and a fresh assessment of the risk. This policy may be renewed only by mutual consent and subject to payment in advance of the total premium at the rate in force at the time of renewal. The Company, however, shall not be bound to give notice that the policy is due for renewal or to accept any renewal premium. Unless renewed as herein provided, this policy shall automatically terminate at the expiry of the period for which premium has already been paid.

CANCELLATION OF POLICY:

a) If Cancelled by Insured:

The Insured can cancel the policy at any time during the policy term, by informing the Company. The Company shall refund proportion premium for unexpired policy period subject to no claim(s) made during the policy period.

b) If Cancelled by Insurer:

The Company can cancel the policy only on the grounds of established fraud, by giving minimum notice of 7 days to the Insured. The Company shall refund proportion premium for unexpired policy period subject to no claim(s) made during the policy period.

GRIEVANCE REDRESSAL PROCEDURE

If you have a grievance that you wish us to redress, you may contact us

with the details of your grievance through:

- o Contact us - 022 6158 2020/ 022 6234 6234
- o **Emails** – grievance@hdfcergo.com
- o Designated Grievance Officer in each branch.
- o **Company Website** – www.hdfcergo.com
- o **Courier** : Any of our Branch office or corporate office

You may also approach the Complaint & Grievance (C&G) Redressal Cell at any of our branches with the details of your grievance during our working hours from Monday to Friday.

If you are not satisfied with our redressal of your grievance through one of the above methods, you may contact our Head of Customer Service at

The Complaint & Grievance Redressal Cell,
HDFC ERGO General Insurance Company Limited
D-301, 3rd Floor, Eastern Business District (Magnet Mall),
LBS Marg, Bhandup (West) Mumbai-400078

In case you are not satisfied with the response / resolution given / offered by the C&G cell, then you can write to the Chief Grievance Officer of the company at the following address

To the Chief Grievance Officer
HDFC ERGO General Insurance Company Limited
D-301, 3rd Floor, Eastern Business District (Magnet Mall),
LBS Marg, Bhandup (West) Mumbai-400078
e-mail: cgo@hdfcergo.com

Grievance may also be lodged at IRDAI Integrated Grievance Management System- <https://bimabharosa.irdai.gov.in>

You may also approach the nearest Insurance Ombudsman for resolution, if your grievance is not redressed by the Company. The contact details of Ombudsman offices are below if your grievance pertains to:

- Insurance claim that has been rejected or dispute of a claim on legal construction of the policy
- Delay in settlement of claim
- Dispute with regard to premium
- Non-receipt of your insurance document

You may also refer Our website www.hdfcergo.com <https://www.hdfcergo.com/customer-voice/grievances> for detailed grievance redressal procedure.

You may also approach the nearest Insurance Ombudsman for resolution, if - your grievance is not redressed by the Company. The contact details of Ombudsman offices are mentioned in the policy document

ABOUT OUR COMPANY

Name of the company – HDFC ERGO General Insurance Company Limited (IRDAI Reg No 146)

Registered & Corporate Office: 6th Floor, Leela Business Park, Andheri-Kurla Road, Andheri (East), Mumbai – 400 059.

Website – www.hdfcergo.com

Contact us - 022 6158 2020/ 022 6234 6234

Email – care@hdfcergo.com

INSURANCE ACT 1938 SECTION 41- PROHIBITION OF REBATES

No person shall allow or offer to allow either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectus or tables of the insurer.

ANY PERSON MAKING DEFAULT IN COMPLYING WITH THE PROVISIONS OF THIS SECTION SHALL BE PUNISHABLE WITH FINE WHICH MAY EXTEND TO TEN LAKHS RUPEES.

Disclaimer: In the event of any question relating to interpretation of the insurance coverage, the policy document will prevail..