

Public Offering of Securities Insurance (POSI)



POSI offers protection to companies and their directors against potential liabilities arising from public offerings such as IPOs, rights issues, etc. It covers claims related to misleading statements, omissions or alleged regulatory breaches that may take place during the offering process.

How does it stand out from Directors & Officers Liability Policy?

| Type of Policy | Directors & Officers Liability | POSI |
|-------------------|---|--|
| Scope of Cover | Personal liability coming onto directors & officers for actual / alleged wrongful acts in managing the company | Liability arising from public offering for actual / alleged wrongful misrepresentation / misleading disclosure/ negligence |
| Who is covered | <ul style="list-style-type: none"> Individual directors & officers Organization w.r.t. Securities claim | <ul style="list-style-type: none"> Directors, Officers, Underwriters, Shareholders, Lawyers and other Experts and Organization |
| Policy Term | One year, renewable | 3 – 9 years, non renewable |
| Trigger | Multiple including EPLI, Regulatory inquiry, insider trading | Dedicated cover for IPO exposure |
| Mandatory | No | No however, recommended in regulated markets |
| Premium Frequency | Annual | One time for policy tenure |

Why Should POSI be opted for?

When a private company raises capital through public offering, there is huge exposure. **Liabilities can attach to a number of parties:**



Individuals who sign the Prospectus



All Directors of the entity



Anyone who has authorized the contents of any part of the Prospectus

This can occur if the prospectus is:

Incomplete

Inaccurate

Misleading

POSI offers coverage for:



The Organization



Expenses incurred to Repair the Damage to your Reputation



Legal Liability including Defense Cost and Compensation



D&Os, Underwriters, Shareholders, Lawyers and other Experts



What Does POSI Cover?

Potential Allegations:

- **Breach of Duty**
- **Misrepresentation**
- **Breach of Trust**
- **Negligent Act**
- **Misleading Disclosure**
- **Misstatements**



Factors Influencing Limits:

The key considerations that determine the appropriate policy limit :

- Underwriters, Bankers, Issue Managers
- Target Investors (QIBs/ FIIs/ Public/ Existing Shareholders)
- Size of the Issue
- Issue Jurisdiction (US/ Others/ India)
- Type of Issue (Private Placement / IPO/ GDR/ ADR)



Major Coverages:

- Insured Person Prospectus Liability
- Issuer Prospectus Liability
- Underwriter Exposure
- Controlling Shareholder Liability
- Selling Shareholder Liability
- Media Management Fees
- Regulatory Crisis Response
- Emergency Costs
- Civil Fines and Penalties
- Assets & Liberty Cover
- Interpretive Counsel



Major Exclusions:

- Pending or prior litigation as of continuity date
- Dishonest or fraudulent acts
- Pollution
- Bodily Injury / Property damage
- USA public securities
- Trustees
- Prospectus claims by an insured
- Underwriter professional indemnity
- Major shareholder

Safeguard Your Offering. Secure Your Future.

Going public is a milestone-don't let liabilities overshadow your success.

Disclaimer: The information mentioned above provides only the general overview of subjects covered, is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. Insured shall consult their insurance, legal and other advisors regarding special coverage issues. All insurance coverage is subject to terms, conditions and exclusions of the applicable insurance policies. Statements concerning financial, regulatory or legal matters should be understood to be general observations based solely on our experience as risk consultants and may not be relied upon as financial, regulatory or legal advice, which we are not authorised to provide. All such matters should be reviewed with appropriately qualified advisors in these areas. TMIBASL cannot provide any assurance that insurance can be obtained for any particular client or for any particular risk.



TATA MOTORS INSURANCE BROKING AND ADVISORY SERVICES LIMITED

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A sister Company of TATA AIA Life Insurance Company Limited and TATA AIG General Insurance Company Limited