

Marsh Alpha[®]

Cutting-edge management liability protection for Marsh Specialty clients

From our general observations:

- Claims against company senior management can arise from a range of sources and include diverse allegations, such as securities class actions in the US, cross-border investigations, and event-driven claims based on topical issues such as cybersecurity, climate change, #MeToo, board diversity, and COVID-19.
- No industry is immune.

Side A difference in conditions (DIC) directors and officers (D&O) insurance can be an important tool to attract and retain qualified board members. It can operate as a safety net to ensure that a director's personal assets will not be put at risk, should they be required to defend a claim made against them personally.

Developed exclusively for Marsh Specialty clients, Alpha[®] provides Side A DIC cover designed to protect individuals' personal assets.

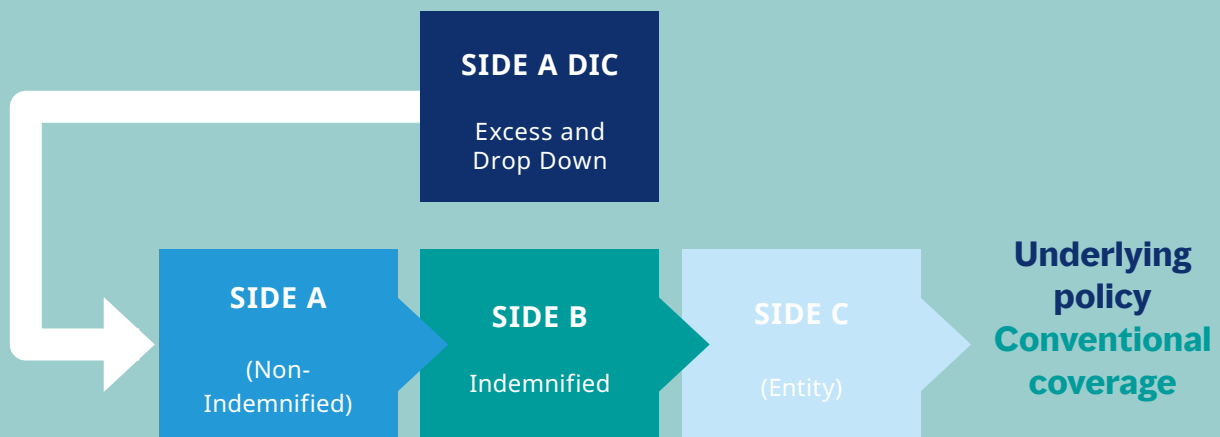
- The limit of liability is reserved for situations where the company cannot indemnify, or fails to indemnify, an individual. The policy limit cannot be eroded by corporate liabilities.
- Alpha provides excess Side A D&O insurance that responds once a company's traditional D&O tower is exhausted.
- Alpha also drops down to fill in gaps in a company's D&O tower when any underlying insurer fails or refuses to pay, attempts to rescind coverage, or becomes insolvent, or where there are gaps in coverage.
- When clients buy multiple layers of Side A DIC cover, Alpha can serve as either the primary or excess Side A DIC policy.

Extra coverage for top performing clients in the ESG space

- In recognition of clients who score highly in respect of environmental, social, and governance (ESG) factors, some Marsh Alpha carriers have agreed to offer an additional reinstatement*.
- Marsh relies on the following methodologies to conduct this analysis: Arabesque SRay and Marsh's own ESG Risk Rating tool.

**Clients can only have a maximum of two reinstatements on any one risk.*

How a Side A DIC policy works



Why Alpha[®]?

Multinational peace of mind

While there are many Side A DIC forms available, Alpha capitalises on the broad licenses available to syndicates of Lloyd's of London to give greater protection for multinational corporations than may be provided solely by domestic insurers. Many domestic insurance companies or Bermudian markets do not have licenses to operate in multiple territories, so a global solution requires local policies in multiple territories. Alpha harnesses the power of the Lloyd's of London platform to provide additional peace of mind to directors and officers that their Side A DIC policy will operate not only when they need it, but where they need it.

Where Alpha insurers can lawfully pay a loss by virtue of Lloyd's direct license (held in over 60 countries), and an underlying insurer is unable to pay that loss because it does not hold a license in the relevant jurisdiction, the Alpha policy will "drop down" to respond.

Alpha[®] placement structure

With the launch of Alpha's latest iteration, we kept some innovative features of the Alpha placement mechanism while updating the structure of the Lloyd's syndicate panel as follows:

- Refreshed panel, including a new Alpha carrier.
- An increase in automatic follow capacity of up to USD/EUR/GBP/AUD/CAD 20 million.

Client option

Where applicable, we utilise the capacity provided by these facilities in the placement of your business. Clients have the option to take up the facility lines or decline them. Marsh receives separate compensation for administering these arrangements which is in addition to any other fee or commission earned by Marsh Specialty.

Features

Alpha® continues to provide proprietary and innovative coverage such as:

BROAD INVESTIGATION COVER INCLUDING PURELY INTERNAL INVESTIGATIONS, INSOLVENCY-RELATED INVESTIGATIONS, AND WITNESS COSTS

Cover is provided for the non-indemnified loss suffered by individuals, who are asked to provide information to an investigation, including an inquiry conducted by or on behalf of the company, or an inquiry by a bankruptcy trustee or other insolvency administrator.

Cover is also provided for a request for an insured to be deposed as a witness, to attend a meeting or interview, or to produce documents in a proceeding.

TAILORED TO RESPOND WHEN AN INDIVIDUAL IS POTENTIALLY SUBJECT TO CRIMINAL LIABILITY

A built-in mechanism for submission and review of defence expenses to insurers without compromising the insured's legal privileges, or potentially prejudicing them in the underlying action. The insurer's prior consent is not required to enter into an agreement to resolve actual or potential criminal charges, except to the extent the insured is agreeing to make a payment for which he or she is seeking cover under the policy.

FAVOURABLE REPORTING PROVISIONS

- The policy requires the notification of demands or proceedings for wrongful acts. The policy does not require (but does permit) the notification of other types of claims, such as investigations, internal investigations, and requests to toll statutes of limitations.
- Both the company and insured persons can notify a claim.

AN UNLIMITED DISCOVERY PERIOD FOR RETIRED DIRECTORS

An automatic unlimited discovery period, for no additional premium, where an insured ceases to act during the policy period where the policy is not renewed, or is cancelled.

LIMITED EXCLUSIONS

For otherwise covered claims, there are no exclusions for loss arising from:

- Property damage or bodily injury.
- Claims brought by one insured against another insured, or claims brought by the company against an insured.
- Claims notified to prior policies.

The policy only excludes loss arising from deliberate dishonesty or improper gain, where established by a non-appealable adjudication.

EXECUTIVE PROTECTION CONSULTATION

Directors and officers are entitled to an initial consultation with panel counsel to assess their rights, particularly in light of emerging risk trends such as the criminalisation of management conduct, and informal and internal investigations.

SEVERABILITY OF ALL POLICY OBLIGATIONS (EXCEPT THE OBLIGATION TO PAY PREMIUM)

Policy obligations are all severable so that one person's failure to comply with his or her obligation will not prejudice the other individuals' rights under the policy.

REPUTATION COSTS

Coverage included for costs arising from reputational damage to an individual caused by a claim or potential claim (sublimited).

BROAD DEFINITION OF INSURED

Covers not only board directors, but also data protection officers, senior accounting officers, in-house general counsels, risk managers, controllers, personal representatives of corporate board directors, and employees acting in significant influence or senior management functions.



Different limit options for different risk profiles

There are different bases of policy limit available dependent on your risk profile:

1. Aggregate limit with multiple limit reinstatements available

- A. Subject to underwriter agreement, in the event that the limit of the Alpha policy is exhausted, the limit will reinstate. If the optional second reinstated limit is purchased, and in the event that the reinstated limit is exhausted, the limit will reinstate again. Insurers will not pay more than the original policy limit for any one claim, but in the event of multiple unrelated claims – up to three times the original limit is potentially recoverable.
- B. The reinstated limits apply on an around-the-clock basis, meaning that the reinstated limits apply excess amounts available from policies in excess of the Alpha policy, and any available limits in the underlying policies.
- C. As compared to other Side A DIC policies that offer around-the-clock reinstatements, the reinstatement provisions allow greater potential recovery when there are multiple unrelated claims notified to the policy.
- D. On a case-by-case basis, insurers may offer a smaller additional “each single claim limit,” available only to the board of the policyholder.

2. “Each single claim limits”

One policy limit is available for all non-indemnified loss arising from one “single claim,” meaning all claims that arise out of one, or a series of, acts that are related.

3. Policyholder board access costs.

An additional limit of USD1 million is available to individuals on the board of the policyholder (normally the ultimate parent company) to fend off attempts by other insured persons to challenge or restrict their use of the proceeds of the directors and officers liability insurance programme.

For more information about Alpha® and other solutions from Marsh Specialty, visit marsh.com, or contact your local Marsh Specialty representative.

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KEY FACTS

Who is Alpha® intended for?

Alpha is exclusively for Marsh Specialty clients. It is available for both public and private companies, including financial institutions.

Capacity

Capacity of up to (and in some cases may exceed) 100 million GBP/USD/EUR/CAD/AUD is available.

Financial stability of insurers

Alpha is underwritten by a panel of insurers at Lloyd's of London.

Lloyd's is regulated by the United Kingdom's Financial Conduct Authority and Prudential Regulatory Authority. As of May 2022, Lloyd's financial strength is rated as follows:

- A (Excellent) from AM Best.
- A+ (Strong) from Standard & Poor's.

Contract certainty/policy documentation

Alpha is bound on a London Market Reform Contract (MRC) in accordance with the contract certainty initiative. The contract conforms with market requirements to have wordings agreed and underwriters' participation understood prior to the inception of cover.

About Marsh

Marsh is the world's leading insurance broker and risk advisor. With over 45,000 colleagues operating in 130 countries, Marsh serves commercial and individual clients with data-driven risk solutions and advisory services.

[Marsh](https://marsh.com) is a business of Marsh McLennan (NYSE: MMC), the world's leading professional services firm in the areas of risk, strategy and people. With annual revenue nearly \$20 billion, Marsh McLennan helps clients navigate an increasingly dynamic and complex environment through four market-leading businesses: Marsh, [Guy Carpenter](https://guycarpenter.com), [Mercer](https://mercer.com) and [Oliver Wyman](https://oliverwyman.com). For more information, visit marshmclennan.com follow us on [LinkedIn](https://www.linkedin.com/company/marshmclennan) and [Twitter](https://twitter.com/marshmclennan) or subscribe to [BRINK](https://brink.com).