

DIRECTORS & OFFICERS *Topics & Trends*

FRED MURNANE

Vice President

AEGIS Insurance Services, Inc.

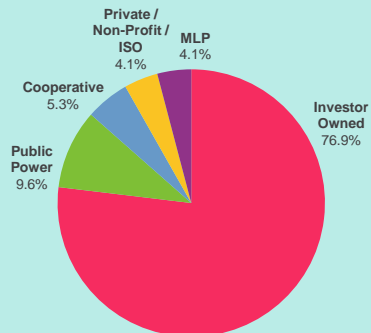
2016 PHC



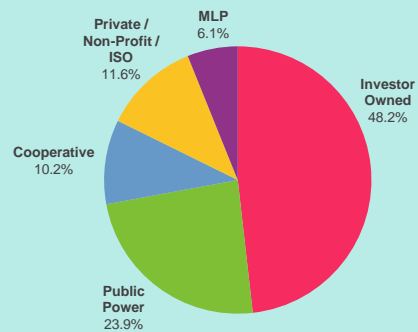
BREAKDOWN BY *Ownership Type*

By Policy Count and Premium

Premium Basis



Account Basis

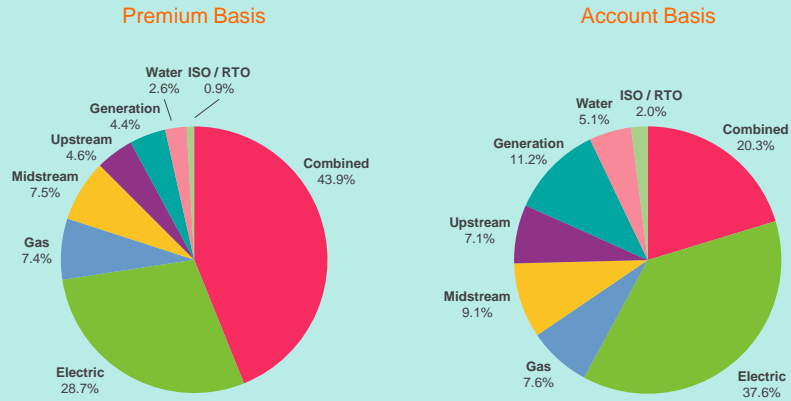


2016 PHC



BREAKDOWN BY Operation Type

By Policy Count and Premium

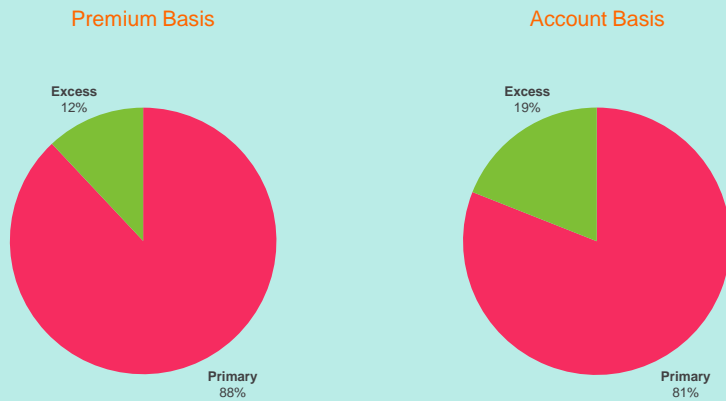


2016 PHC



BREAKDOWN BY Attachment

By Policy Count and Premium



2016 PHC



LIMIT Profile

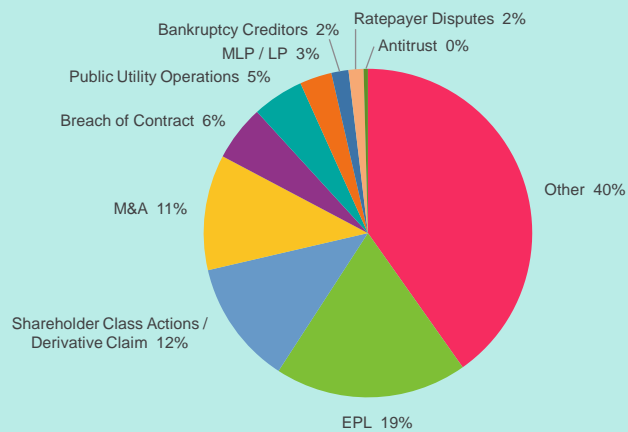
- Average limit: \$21.9 million
- Median limit: \$20.0 million

2016 PHC



DIRECTORS & OFFICERS 2006 – 2016

Reported By Type of Claim

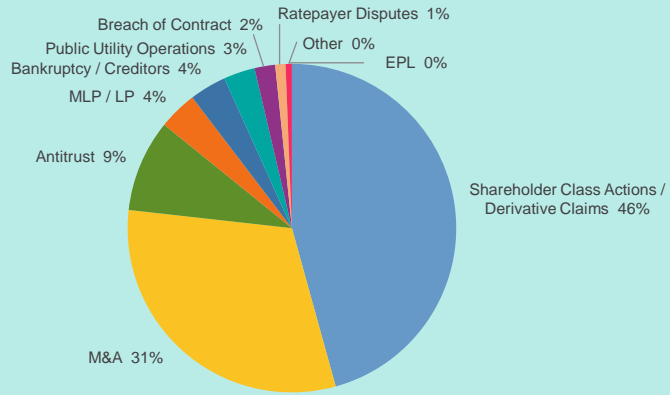


2016 PHC



DIRECTORS & OFFICERS 2006 – 2016

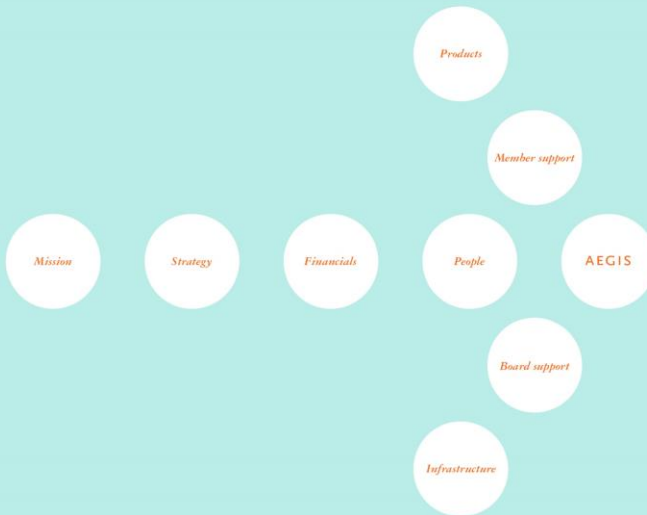
Incurred By Type of Claim



2016 PHC



2016 PHC



DIRECTORS & OFFICERS *Topics & Trends*

DAN A. BAILEY

Member

Bailey Cavaleri LLC

2016 PHC



DIRECTORS & OFFICERS *Topics & Trends*

Claims Update

- Securities class actions
 - No important new legal developments
 - Frequency of all types of securities class actions somewhat higher
 - Frequency of financial misrepresentation cases remains relatively low
 - Frequency of non-financial cases has increased significantly
 - Higher dismissal rate for non-financial cases
 - Plaintiffs demanding larger settlements

2016 PHC



DIRECTORS & OFFICERS *Topics & Trends*

Claims Update

- Shareholder derivative actions
 - Frequency increasing if company has large loss
 - Usually defensible if no conflicts of interest
 - Mega settlements if bad facts

2016 PHC



DIRECTORS & OFFICERS *Topics & Trends*

Claims Update

- Merger & acquisition litigation
 - Delaware courts refuse to approve disclosure-only settlements
 - Plaintiffs trying to litigate outside Delaware
 - Exclusive-forum bylaw provisions now permitted in Delaware
 - Minimal exposure unless perceived conflicts of interest

2016 PHC



DIRECTORS & OFFICERS *Topics & Trends*

Claims Update

- Regulatory claims / investigations
 - Regulators targeting gatekeepers
 - Increasing potential criminal exposure (Yates memo)
 - Conflict between company and D&Os
 - Increasing risk of SEC investigations / claims
 - Sophisticated analytics
 - Whistleblower bounties
 - High enforcement priority
 - Difficult to defend

2016 PHC



DIRECTORS & OFFICERS *Topics & Trends*

Claims Update

- Cyber
 - Unlikely to be significant D&O exposure unless company supports the claim

2016 PHC



DIRECTORS & OFFICERS *Topics & Trends* *Claims Update*

- Cooperatives and MLPs
 - Owners have claims similar to shareholders
 - Common types of coop claims
 - Antitrust
 - In-fighting among members
 - Mismanagement
 - Failure to pay patronage dividends / return capital
 - Common types of MLP claims
 - Conflicts of interest (e.g. roll-ups)
 - Disclosures
 - Excessive fees / compensation

2016 PHC



DIRECTORS & OFFICERS *Topics & Trends* *Insurance Update*

- Most common coverage disputes
 - Policy year placement
 - Entity investigation costs
 - Cooperation
 - Exposure analysis
 - Keeping insurers informed
 - Settlement negotiations
 - Defense costs
 - Multiple defense counsel
 - Hourly rates

2016 PHC



DIRECTORS & OFFICERS *Topics & Trends*

Insurance Updates

- Policy features
 - Entity investigation cost coverage
 - Additional premium amount?
 - Will excess insurers follow?
 - Books and records demand coverage

2016 PHC



2016 PHC

