

## Directors and Officers Claims Services

# Insurance is a Promise. The AIG Claims Network Delivers that Promise.

Actions against directors and professionals can seriously damage a company and irreparably damage an individual's own career. Even unfounded allegations can be extremely stressful, expensive and time consuming to defend.

We know how reassuring our clients have found the support and expertise of our Financial Lines claims team – one of the largest and most experienced teams of its kind in the Southeast Asia and China insurance markets.

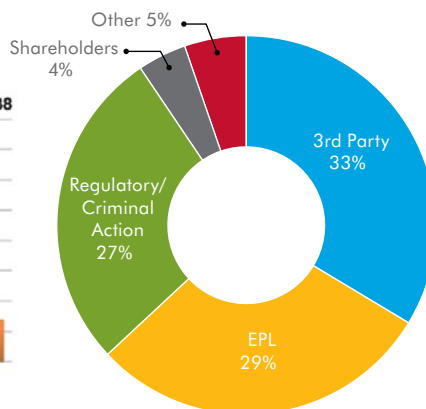
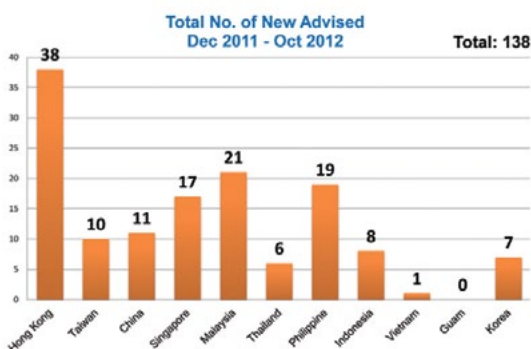
Our specialist claims team handles a wide range of claims against directors, managers and supervisors. Employment practice actions are among the most frequently dealt with, and we work quickly to proactively manage issues that can be caused by these actions.

We are frequently involved in assisting directors and officers to respond to investigations by government regulatory bodies, as well as claims made by other third parties, such as creditors. Our specialist Financial Lines claims team can help support clients through these difficult and career threatening processes.

Some of the largest cases we have dealt with are U.S. securities class actions (the most handled throughout the Asia Region). These actions are invariably complex; potentially involving multiple parties and may be for hundreds of millions of dollars and can take years to resolve. Importantly, we handle US originating D&O cases against Asian directors and officers locally, drawing on AIG's market leading worldwide expertise in this specialised area of litigation.

No matter what category the claim may fall into, our handling philosophy is to be actively involved in the claim and work with our insureds and their legal representatives to mount the best defence possible.

### Claims trends SEA



Our claims teams' technical expertise provides another distinct advantage for you – one that is recognised industry-wide. Euromoney's insurance poll in 2009 ranked AIG number one for Claims Resolution.

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## AIG Claims Experience Shared

### Hong Kong - Criminal Prosecution: Non-Security Related

- Potential accounting irregularities were discovered by the auditors at the Company's subsidiaries in China.
- The Company was put under winding-up proceedings and Provisional Liquidators (PL) were appointed.
- The PL made written demands against 20 individual directors and officers of the Company for various alleged wrongful acts. They also commenced two civil actions against 15+ directors and officers in relation to two suspicious transactions.
- In addition, executives of the Company were criminally charged in two separate criminal proceedings.
- Each director and officer engaged their own legal representative due to a potential conflict of interest.
- The total defence budget for the two criminal proceedings is approximately USD\$4.3 million.
- Defence costs are anticipated to be USD\$6.4 million - the full policy limit.

### Hong Kong – Alleged Mis-selling of Structured Investment Products

- In September 2008, a major investment bank filed for bankruptcy protection in the US which sent shockwaves across the globe.
- In Hong Kong, over 40,000 investors who purchased structured investments products known as "Minibonds" suffered loss as a result of this bankruptcy.
- A large number of complaints were filed with the Hong Kong Monetary Authority (MA) and Securities and Futures Commissions (SFC). Subsequently, official investigations against various financial institutions which distributed Minibonds were initiated by these two regulatory bodies.

- Senior executives of local banks have been compelled to attend interviews by the MA and SFC.

- AIG is reimbursing the legal costs incurred by the senior executives in attending the official investigation.

### Singapore – Discrimination

- Six employees of a wholly owned subsidiary of the Company filed a claim for unfair dismissal and age discrimination.

- Based on the facts and circumstances, the Company was deemed to have unfairly dismissed the six employees.

- The claims for the six employees were settled in the amount of USD\$700,000.

- Defence costs alone are anticipated to be USD\$450,000.

### Taiwan – Criminal Prosecution: Non-Security Related

- The Public Prosecutor of Taiwan raided the Company's HQs on suspicion of insider trading.

- Following the investigation, 9 directors and officers, including the Chairman and the President were indicted alleging insider trading in violation of the Securities and Exchanging Act.

- The criminal prosecution brought against the directors and officers of the Company constituted a Claim under the policy – the dishonesty exclusion will apply in the event that the directors and officers are convicted of the relevant charges.

- At the time of publication, the Company has incurred over USD\$100,000 in defence costs. The potential exposure is over USD\$300,000.

### Financial Lines Claims Management Team

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