



## New Coverage: Securities Investigation Costs for the Company

March 2, 2011

Today Chartis released a new policy form called ***Investigation Edge*** that covers costs incurred by a company arising from a governmental investigation, both formal and informal. The investigation can be by the Department of Justice, the Securities & Exchange Commission or any other law enforcement authority or enforcement unit of a governmental authority as long as the investigation pertains to a securities law violation.

Directors & Officers (D&O) Liability policies available currently in the market generally cover costs incurred by individuals when responding to a SEC investigation. Coverage for costs incurred by the company in such investigations is either not available or only available for formal investigations if the company is co-named with a covered individual from the beginning and throughout a formal investigation. This thinness of coverage afforded to companies has been problematic because of the way the SEC pursues its investigations. As a matter of process, the SEC typically does not begin an investigation against an individual (other than investigations for insider trading) by first pursuing the individual. Instead, the SEC usually first pursues and/or seeks the cooperation of the individual's company. It is only much later in the process that the SEC may directly name the individual – including individual directors and officers – that it is pursuing. Meanwhile, the company incurs the costs in responding to the investigation.

The ***Investigation Edge*** policy covers legal fees and expenses associated with discovery, eDiscovery, reproduction and the insurable amount of the final settlement. The policy is stand-alone and separate from a company's D&O coverage. A company does not need to place its D&O coverage with Chartis in order to receive an ***Investigation Edge*** quote.

Contact your Woodruff-Sawyer Account Executive at 415.391.2141 for more information about ***Investigation Edge***.

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