

Management Liability Insurance for Energy Companies



The Risk is Real

Many in the energy industry don't really understand what management liability (ML) risk is and the potential financial damage that even a single lawsuit can cause.

Management liability lawsuits range from employment issues, such as harassment, discrimination and wrongful termination, to business practices issues, such as misappropriation, financial mismanagement and negligence.

Legal action can be brought by:

- ▶ Customers
- ▶ Employees
- ▶ Lenders
- ▶ Vendors and suppliers
- ▶ Competitors
- ▶ Shareholders

Many businesses may consider going without ML coverage to save money. Others mistakenly assume they are covered under their general liability policies, which most often have a standard exclusion for these exposures. Going without ML insurance can be a costly decision.

The Solution is Here

The risk is real and significant. So is the protection that can be obtained with Monitor's Management Liability Insurance Program, which provides Directors and Officers Liability (D&O) and Employment Practices Liability (EPL) Insurance.

Program Eligibility

Monitor's coverage is available for energy-related companies with up to 500 employees and \$100 million in total assets, including but not limited to alternative and conventional energy systems, mining equipment, oil/gas exploration, energy storage equipment, environmental services, and waste disposal equipment. Power utilities and nuclear energy-related companies are not eligible.

Enhanced Coverage Available

Directors and Officers Liability

- ▶ Co-defendant liability coverage available
- ▶ Optional costs of defense in addition to limit of liability
- ▶ Waiver of deductible (if a ruling of no liability is obtained)
- ▶ Non-rescindable policy options
- ▶ \$25,000 costs of defense for pollution claims against the insured entity
- ▶ Premium credit for "green" certified companies
- ▶ Coverage for regulatory investigations against an insured person
- ▶ Side A pollution coverage included

Employment Practices Liability

- ▶ Third party liability coverage for claims brought by customers for discrimination and/or harassment
- ▶ \$100,000 costs of defense for claims alleging violation(s) of the Fair Labor Standards Act
- ▶ Modified settlement clause (80%/20% coinsurance) and a 10% reduction in the deductible upon consent to settle
- ▶ Optional \$25,000 costs of defense for criminal investigations brought by any government agency for alleged hiring or harboring of illegal aliens
- ▶ Free and unlimited access to a toll-free Employment Practices Liability Loss Prevention Hotline

Learn More Today

For more information about Monitor's Management Liability Insurance Program, your insurance agent can contact **Angela M. Cox**, Regional Underwriting Manager, at **(800) 446-2100, ext. 572**, or **amcox@monitorliability.com**



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Here are just a few examples of claims facing the energy industry.

Deceptive Trade Practices

A shareholder filed suit against a manufacturer of energy storage equipment and members of its board of directors. The shareholder alleged that certain board members had used their position for their own private benefit and personal advantage. The shareholder also alleged that the board of directors assigned a valuable contract without following the standard bidding process, and that such assignment constituted misappropriation for the benefit of private parties. Total defense costs exceeded \$250,000.

Loan Default

An investment firm filed suit against an oil and gas mining equipment company and its management for not honoring a promissory note. The firm alleged that it lent \$1 million to the company to bolster cash reserves. The company allegedly agreed to pay the funds back within one month, after it landed a new account. Despite requests for the return of the money, plus interest, the company still had not paid off the loan. Total defense costs and settlement exceeded \$250,000.

Discrimination/Misrepresentation/Fraud

An energy services company filed suit against a corporation for reneging on a partnership agreement. The company alleged it was approached by the corporation to partner on a bid for an oil and gas lease, and that the corporation sought minority-owned partnerships in order to win the lease. As a subcontractor, the company invested \$3 million in the bid process based on the promise that if the contract was won, it would get a 20% share of natural resources recovered.

The company alleged that once the bid was won and the corporation was awarded drilling rights, the corporation never let the company sell the resources that were found. The company alleged discrimination, breach of contract and fiduciary duty, misrepresentation and fraud. The case is still pending.

The Monitor Difference

Monitor Liability Managers, LLC is an underwriting management company specializing in professional liability insurance. We have the experience, financial strength and products to provide our clients with first-rate protection.

All insurance products are not created equal. The true value of an insurance product comes from the people and the company backing it.

Strength and Stability

As a member company of the W. R. Berkley Corporation and with full underwriting and claims settlement authority for all of its insurance products, Monitor provides insureds with access to the resources of a large corporation combined with the outstanding customer service of a smaller company.

Monitor underwrites professional liability insurance on behalf of W. R. Berkley Corporation member companies. A Fortune 500 company, Berkley has annualized revenues of \$4.7 billion, total assets of \$16.1 billion and stockholders' equity of \$3 billion. Monitor issues policies through two of the industry's most respected and trusted insurers, Admiral Insurance Company, rated "A+" (Superior) by A.M. Best Company, and Carolina Casualty Insurance Company, rated "A" (Excellent) by A.M. Best Company.