



## Claims @ Liberty Real Stories: Junior Mining D&O Liability



In today's increasingly complex corporate environment even the smallest junior mining companies can face a variety of risks not addressed by traditional insurance products. If those risks turn into claims, they can lead to substantial costs, significant distraction, and the potential tarnishing of an organization's reputation.

With D&O insurance from Liberty Mutual Canada (Liberty), directors and officers of junior mining companies can rest assured that they'll be supported when they need it most. Liberty's comprehensive understanding of the mining industry and its associated claims, as well as its ability to liaise with best-in-class law firms, allows our clients to focus on their business, knowing that Liberty is partnering with teams of experts to manage and close D&O claims as fast as possible.

Here are a couple of examples of how Liberty's D&O coverage and expert claims handling stepped in to help Canadian junior mining companies after a loss.



### Bringing in the Best of the Best | \$3.5 million paid

A small-cap junior mining company was defending a securities class action and wanted the case closed as soon as possible.

In this case, significant executive time and energy was being spent on this lawsuit. A swift resolution was the insured's priority. Liberty was able to redirect the funds that would have been spent defending the case into a generous settlement offer at an early stage even though our liability risk was low. This led to a quick settlement and a satisfied client. **Total paid in settlement and defence costs was \$3.5 million.**



## Indemnity Savings | \$1 million saved

During an oppression remedy claim, Liberty was able to assist its insured during a two-year litigation process where minority shareholders alleged excessive remuneration, excessive retirement package (Golden Parachute), and breach of fiduciary duty.

Through detailed analysis of the claim and the minerals market, Liberty and a hired law firm were successful in helping reduce the original demand of \$1.3M to \$300,000. The \$1 million savings in indemnity costs allowed the insured to inject more capital into their exploration assets.

## Our solution for potential director and officer exposures for Junior Mining Companies

COMMON ALLEGATIONS	COVERAGE FROM LIBERTY
<p><b>Oppression remedy claims:</b></p> <ul style="list-style-type: none"> <li>• Regulatory action claims</li> <li>• Shareholders</li> <li>• Overpayment of royalty</li> <li>• Excessive remuneration</li> <li>• "Golden Parachute" retirement agreement</li> </ul>	<p><b>Definition of claim includes:</b></p> <ul style="list-style-type: none"> <li>• A formal administrative or regulatory proceeding;</li> <li>• ...regulatory investigation of Insured Person(s)</li> </ul> <p><b>Defence Costs and Securities claim (1.3):</b></p> <ul style="list-style-type: none"> <li>• Ability to provide 100% Pre-determined Defence Cost - Allocation</li> <li>• Ability to provide 100% - Securities Claims Pre-determined Allocation</li> <li>• A formal administrative or regulatory proceeding...against an <b>Insured Organization</b> alleging a <b>Wrongful Act</b>, including any appeal therefrom, but only as it respects a <b>Securities Claim</b>.</li> </ul>
<p><b>Derivative demand claims:</b></p> <ul style="list-style-type: none"> <li>• Asset sales to benefit management</li> <li>• Misdirected management</li> <li>• Overpayment of royalty</li> </ul>	<p><b>Derivative action coverage; Investigative costs coverage for derivative demand:</b></p> <ul style="list-style-type: none"> <li>• <b>Derivative Action</b> included in the definition of <b>Securities Claim</b></li> <li>• Up to \$500,000 sublimit for Investigative Cost Coverage for a Derivative Demand</li> <li>• Reasonable costs, charges, fees, and expenses incurred by the Insured Organization in connection with the investigation or evaluation</li> </ul>

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## Expect the Best

At Liberty, we put customer service above all else. When a claim is made, we respond with speed, professionalism and compassion. We look for ways to settle claims fairly and promptly. When a claim is to be paid, we pay quickly. Where we have supporting evidence to defend a claim, we are not afraid to do so. Most importantly, when our customers need to make a claim, it is comforting for them to know that they are dealing with claims staff with local knowledge and the market-leading authority to make decisions and to act on them.

## The Liberty Claims Ethos

- We believe that insurers exist to pay valid claims.
  - We are consistent, empowered to make swift and informed decisions, and provide an accurate response to claims.
  - We work side-by-side with our underwriters and risk engineers to understand the cover and the client.
  - We build long-term relationships with our clients and brokers.
  - We listen to their individual needs and support them when they need us most.
  - We prioritize customer service.
  - We are visible and approachable.
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Liberty Mutual Canada™ is the registered business name under which the Canadian branch of the Liberty Mutual Insurance Company operates in Canada.

This literature is a summary only and does not include all terms, conditions, or exclusions of the coverage described. Please refer to the actual policy language for complete details of coverage and exclusions.

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