



TRAVELERS EXECUTIVE CHOICESM FOR PUBLIC COMPANIES



It's not lonely at the top when you have Travelers by your side.

Travelers offers the
strength
and **expertise**

to meet the
expanding, complex
insurance needs of
public companies
and the people who
lead them.



Travelers Executive ChoiceSM – Clearing the way to public company success

Travelers Executive ChoiceSM for Public Companies offers an extensive selection of insurance products and services to protect against a wide range of exposures, along with the option to mix and match coverage to customize a plan to meet your unique needs.

We know what works because we have a long history serving public companies. In 1964, we became the first company in the nation to offer directors and officers liability insurance. And in 1974, we were the first domestic company to offer fiduciary liability coverage after the enactment of ERISA.

We continue to lead you in the right direction and are committed to helping your business move ahead.

Travelers – the simple choice in complex times.

Coverage highlights

Directors and Officers Liability

- Choose from a broad range of coverage options:
 - D&O individual coverage
 - Company indemnification coverage
 - Company securities claim liability coverage
 - Nonprofit outside directorship coverage
- Insuring agreements written on “pay on behalf of” basis with advancement of defense costs
- Exclusions and application apply separately for all insured persons
- Broad Form PlusSM also available for D&O coverage

Employment Practices Liability

- Covered insureds include the company, and its directors and officers
- Punitive or exemplary damage coverage, where insurable by law
- Covered claim includes written demand for monetary damages, civil proceedings, criminal proceedings and administrative or arbitration proceedings

Fiduciary Liability

- Coverage for all plans
- Coverage extends to the sponsor company, the plans and directors, trustees, officers and employees of the sponsor company or plans
- Automatic coverage for newly acquired or created plans

Crime Loss Indemnity Policy

- Coverage for losses from employee theft or forgery with no manifest intent or financial benefit wording
- Coverage for liability for loss to third parties due to theft or forgery by the policyholder’s employees
- Policy written on a “discovery” basis covers a loss that is discovered during the policy period, regardless of whether the act causing the loss occurred prior to or during the policy period

Kidnap & Ransom Liability

- Access to specialist crisis response consultants 24 hours a day, every day
- Worldwide coverage available
- Expansive definition of covered persons, including immediate family, stepchildren, adopted children and guests



In today's supercharged, highly competitive global marketplace, success is tougher than ever to achieve.

We can help.

*Travelers Executive Choice*SM for Public Companies offers a portfolio of management liability, crime and kidnap & ransom coverages, on both a primary and excess basis, that protect you and your business from a variety of claims and losses.

The leaders of publicly traded companies face complex choices every day.

You've made the right call with *Travelers Executive Choice*SM for Public Companies.

Public companies and litigation

Public companies and their executives hardly have to be reminded of the need for the management liability insurance coverages that are offered through *Travelers Executive Choice*SM for Public Companies.

Securities class actions and employment discrimination claims generate settlement values in the millions of dollars, and have been part of the business landscape for several years. Lawsuits involving a company's employee benefit plans, and the restructuring of pension plans, have only heightened the scrutiny given to their management. Fiduciary liability insurance is now considered an integral part of any public company's portfolio of insurance coverages. **Consider this information as you evaluate your insurance needs:**

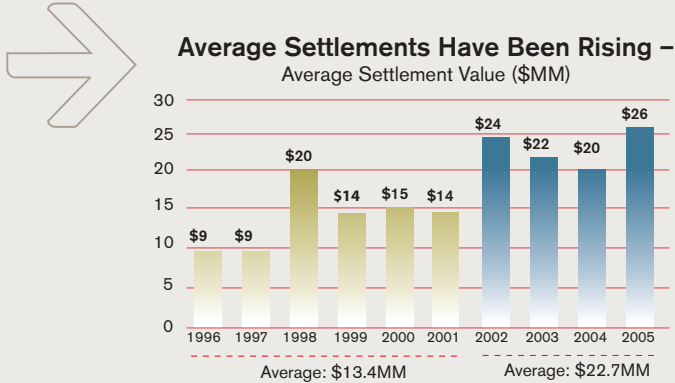


Directors, officers and company liability

Securities Class Actions

The year 2004 set a record in terms of the total value of cases settled, a staggering \$5.5 billion dollars. Based on the 2004 filing rate, over a five-year period, it is probable that approximately 1,000 public companies will face at least one shareholder class action lawsuit.

(Source: NERA Economic Consulting)



Source: NERA Economic Consulting

Securities Class Action Settlements

(Settlement values in \$ millions)

	2002	2003	2004
<div style="border: 1px solid black; border-radius: 15px; padding: 5px; display: inline-block;"> Nine of the top ten securities class action settlements have occurred since 2002. </div>	\$490	\$517	\$2,575
	\$457	\$320	\$460
		\$320	\$300
		\$300	
		\$300	

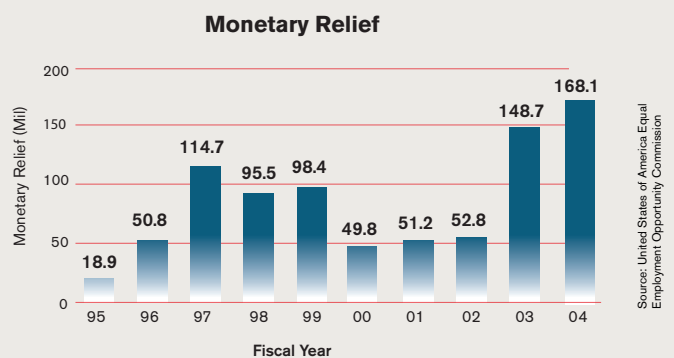
Source: Stanford Securities

Employment practices liability

The U.S. Equal Employment Opportunity Commission (EEOC) is the federal agency responsible for enforcing the federal government's employment discrimination laws.

The number of employment discrimination complaints dramatically increased in the 1990s, but has since leveled off to approximately 80,000 complaints per year. While the number of claims has stabilized, the national jury-award median for employment-practice liability cases has steadily risen.

The EEOC resolved 347 lawsuits in 2004 fiscal year ending September 30. These resolutions resulted in monetary relief of \$168 million. As with the \$148 million recovery in fiscal year 2003, 2004's monetary relief exceeded the highest previous single year recovery.



Source: United States of America Equal Employment Opportunity Commission

The tools to succeed

Travelers is committed to providing you with the tools and expertise you need to develop and maintain sound employment practices. We are pleased to deliver extensive and responsive risk management services at no cost for all of our employment practices liability (EPL) policyholders through Risk Management PLUS+ OnlineSM, a comprehensive risk management and loss control web-based program.

○ Fiduciary Liability

Employee pension, benefit and compensation programs are becoming increasingly complex. Anyone who serves as a trustee, or who has discretionary authority over a pension or other employee benefit plan, assumes a certain level of risk.

Directors are at risk in these cases because under ERISA, fiduciaries of 401 (k) plans are liable to the plan participants for mismanagement of any such plans, including mishandling the selection of prudent investment options available to the plan participants.

Lawsuits involving a company's employee benefit plans, and the restructuring of pension plans, have only heightened the scrutiny given to their management.

- Sixty-nine class action suits brought under ERISA were filed from 2001 to 2004, up from eight in the previous four years. The average loss was \$590 million per 401(k) plan in the 61 cases from which data is available. The defendants settled 16 of those for an average of \$34 million.

Source: Cornerstone Research.*

- Since Enron, 401(k) lawsuits have increased dramatically. In 2000, 126 ERISA class-action cases were pending and 62 were in progress; by 2003, the numbers had grown to 183 cases pending and 119 underway. In the civil courts, individual lawsuits against ERISA plans rose from 9,124 filed in 2000 to 11,304 in 2003.

Source: Administrative Office of U.S. Courts

*This research is preliminary and subject to change. Cornerstone Research cannot guarantee the accuracy of the information.

○ Crime

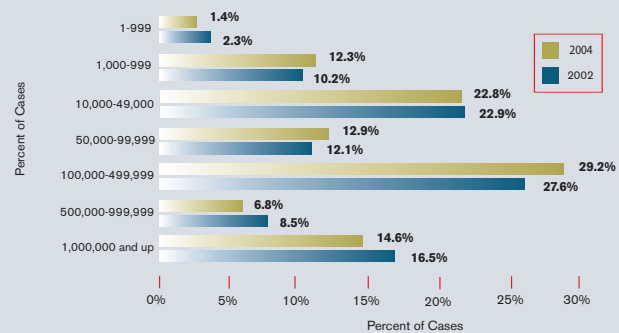
Frauds are classified by the Association of Certified Fraud Examiners (ACFE) according to their Uniform Occupational Fraud Classification, commonly known as the Fraud Tree. The Fraud Tree has three main branches:

- Fraudulent Disbursements
- Skimming
- Cash Larceny

In a study conducted by the ACFE, cash misappropriations were largely responsible for losses by public companies. Out of 508 cases in 2004, 440 cases (87 percent) involved some form of cash misappropriation.

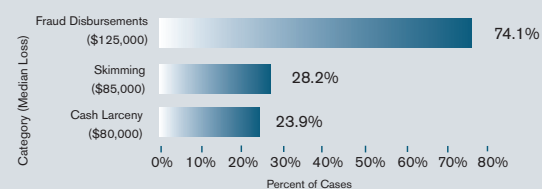
Approximately three-fourths of the cash frauds in the study involved some form of fraudulent disbursement, making this the most common category by far. Schemes that involved a fraudulent disbursement also had the highest median loss, at \$125,000.

Distribution of Dollar Losses



Source: Association of Certified Fraud Examiners (CFE)

Breakdown of Cash Misappropriations (2004)



Source: Association of Certified Fraud Examiners (CFE)

○ Kidnap and Ransom

In today's uncertain political climate, the threat of kidnapping, extortion or illegal detention has increased. Some estimates suggest that more than 15,000 incidents occur each year, and such occurrences are on the rise.

Only a balanced negotiation, based on a detailed understanding of the complexities of kidnapping for ransom, offer the hostage his or her best chance of survival and freedom.

Out of more than 15,000 reported kidnaps each year, over 70 percent are resolved by ransom payments. Only an estimated 10 percent of those held to ransom are successfully rescued by the security forces.

Source: Kroll



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