

Public Offerings of Securities Insurance Policy

Prospectus



Magma General Insurance Limited (erstwhile Magma HDI General Insurance Company Limited) | www.magmainurance.com | E-mail: customercare@magmainurance.com | Toll Free: 1800 266 3202 | Registered Office: Equinox Business Park, Tower 3, Ambedkar Nagar, 2nd Floor, Unit Number 1B & 2B, LBS Marg, Kurla (West), Mumbai - 400070, Maharashtra, India | CIN: U66000MH2009PLC460693 | IRDAI Reg. No. 149 | Public Offerings of Securities Insurance Policy | Product UIN: IRDAN149RPLB0030V01202425 | For complete list of details on exclusions, risk factors, terms & conditions, please read the policy documents carefully before concluding a sale. | Trade Logo displayed above belongs to Magma Ventures Private Limited and is used by Magma General Insurance Limited under license. | Chat with MIRA on our website or say “Hi” on WhatsApp No. 7208976789 (PROS.POSI.ver27.11.25)

What is the need for Public Offerings of Securities Insurance (POSI) Policy?

India is a fast-growing economy with many companies growing rapidly. Today an increasing number of companies are tapping the capital markets by way of security offerings in order to raise capital. Prior to a company's security offering, it must file a detailed prospectus in compliance with the Securities and Exchange Board of India (SEBI) guidelines. However, if due diligence is not exercised in drafting the prospectus, there might be errors and misstatements in the prospectus. The Directors and Officers of the Company can be held liable for such misstatements under the Companies Act 2013 and penalties may be imposed.

To protect oneself from such risks, companies usually opt for Public Offering of Securities Insurance Policy (POSI Insurance Policy) as it safeguards the company, its directors, and officers against potential financial and reputational risks arising from shareholder litigation and regulatory scrutiny specifically from an IPO process.

What does a Public Offering of Securities Insurance Policy Cover?

A POSI Insurance Policy provides cover for Defence Costs and Compensatory Damages for lawsuits arising out of Prospectus Claim in the Insured Company's Security Offering Prospectus. It's a long term policy usually for upto 10 years from the date of filing the DRHP.

Prospectus Claim in a POSI Insurance Policy means any actual or alleged act or omission, error, misstatement, misleading statement, misrepresentation, negligence or breach of duty which is committed or made by an Insured on or before the date of the filing or issuance of the Security Offering's Prospectus or any directly related representations or presentations prior to, or within, the 7 days immediately following the filing or issuance of the prospectus or admission of the Securities for listing on an approved exchange, whichever is the later and claimed against an Insured or Underwriter solely by reason of their capacity and which relates to the Securities Offering, and which, if proved, would amount to a violation or infringement of any statute, regulation or rule of law applicable to the Securities Offering or the Offering Documents.

Who can be Insured under an IPO Insurance Policy?

Following Person can be Insured under a POSI Insurance Policy:

1. Insured Person (Director or Officer of the Company)
2. Company
3. Underwriter
4. Selling Shareholder
5. Controlling Shareholder

What Protection Does the Public Offerings of Securities Insurance Provide?

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Magma General Insurance limited. POSI provides insurance cover for directors and officers in case of a claim, resulting out of a financial loss, made against them due to a Insured Company's Security Offering. In the event of a claim, Magma General Insurance limited. deals with the issues of what is covered and who is liable and pays compensation for justified claims.

Exclusions

The policy does not cover liability or costs arising from:

- Unlawful Conduct
- Trustee liability
- Insured Vs Insured
- Prior Acts
- Pending Litigation
- Professional Liability
- Others as mentioned in the Policy Wording.

Policyholders' obligations

- DO NOT accept any liability or make any offers of settlement, without the prior consent of the insurer.
- There is an obligation under the policy to notify all potential claims or claims-like circumstances to the insurer as soon as practicable.

Steps forward

- Notification of Circumstance (as soon as practicable – on receipt of notice): By sending a mail to us.
- Deputation of legal counsel/Attorney in discussion with us.
- Obtain Consent to negotiated Settlement

What is payable under claim

- Defense Costs (Excluding fees of in house lawyers)

- Damages
- Out of Court Settlements negotiated with the prior consent of the insurer
- Reasonable expenses if any as outlined in the respective policy

Claims Made Policy

This is a "claims made" policy of insurance. This means that the Policy covers you for Claims made against you and notified to Magma General Insurance limited. during the policy period . This Policy does not provide cover in relation to:

- events that occurred prior to the Continuous Cover Date of the Policy (if such a date is specified);
- Claims made after the expiry of the policy period even though the event giving rise to the Claim may have occurred during the policy period;
- Claims notified or arising out of facts or circumstances notified (or which ought reasonably to have been notified) under any previous policy;
- Claims made, threatened or intimated against you prior to the inception of the policy;
- facts or circumstances of which you first became aware prior to the inception of the policy, and which you knew or ought reasonably to have known had the potential to give rise to a Claim under this Policy;

However, where you give notice in writing to Magma General Insurance limited. of any facts that might give rise to a Claim against you as soon as reasonably practicable after you become aware of those facts but before the expiry of the policy period or extended reporting period , the Policy will, subject to the terms and conditions, cover you notwithstanding that a Claim is only made after the expiry of the policy period.

Important Note:

The details furnished above are only a summary of product features and do not describe the entire terms, conditions and exclusions on the Policy. For further details or clarifications on the Policy contact Magma General Insurance limited. officials or your insurance advisor. We shall be pleased to furnish further details.