

Subsidiary Management: Maintain Only One Policy for Expense Advancement & Indemnification

Following up on [my series of blogs about subsidiaries](#), here's something that can be a real sticking point for a subsidiary's officers and directors – but if you don't get a handle on it, it can be quite messy for you. Expense advancement is important to these folks because of defense costs and indemnification is likely to be the real source of protection for them, well before any insurance kicks in. It makes everyone's life simpler if the company has only one policy for advancement and indemnification – not a different policy for each subsidiary, customized for that subsidiary's circumstances. Also, don't allow the directors and officers to have separate indemnification letters or insurance policies for each of your subsidiaries. That can become quite a lot of paperwork in a hurry. But recognize that in some countries, the failure of a company to file certain paperwork or timely pay certain fees is considered criminal. So, your sub directors and officers have a reason to care that you are standing behind them if they are doing their jobs. Another key point – obtain only one insurance policy that covers all subs in all jurisdictions. To accomplish this, you'll need to have a good insurance broker!

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