



DIRECTORS & OFFICERS LIABILITY PRODUCT OVERVIEW



Company directors are required to act in the best interest of the business and are therefore under immense pressure to meet the expectations of all stakeholders. Even with the best intentions, mistakes do happen and as the company director you may be left personally liable for allegations of a breach of duty or wrongful acts.

As organizations operate in an increasingly complex business landscape, the potential for legal proceedings against directors and officers has risen significantly.

Directors and Officers Liability Insurance is a type of liability insurance that shields corporate leaders, including directors, officers, and even key employees, from potential personal financial losses incurred due to claims and legal actions that arise from their actions or decisions in their professional capacities. This coverage provides financial protection when individuals are sued for alleged wrongful acts committed during the performance of their duties.

In your position, you may be exposed to claims brought against you by:

Employees

Employees may bring claims against directors and officers for a variety of reasons, including workplace discrimination, harassment, wrongful termination, or unfair labor practices.

Competitors

An often overlooked aspect is the potential exposure of competitors to claims brought against directors and officers such as unfair competition or intellectual property theft.

Shareholders

Shareholders can be adversely affected by the actions or omissions of directors and officers, leading to claims against them. Minority shareholders, in particular, may initiate lawsuits against company leadership for mismanagement, self-dealing, or other breaches of duty that harm their interests. Shareholders' claims can also arise during mergers, acquisitions, or other corporate transactions.

Creditors and Lenders

When a company fails to fulfill its financial obligations, creditors and lenders may pursue claims against the directors and officers for breaching their duties and responsibilities. These claims could arise due to fraudulent conduct, misrepresentation of financial statements, or imprudent business decisions that adversely impact the company's ability to repay its debts.

The Corporation Itself

Corporate entities, including both public and private companies, can also be exposed to claims brought against their directors and officers. When directors and officers are sued, the company can face significant financial repercussions as it may be held vicariously liable for the alleged wrongdoing.

Directors & Officers (D&O) will protect organizations and directors against allegations and liability lawsuits relating to:

- Breach of legal duty
- Employment practices
- Errors of judgment, even if innocently made
- Failure to protect interests of shareholders
- Reporting errors
- Failure to disclose
- Misrepresentation
- Antitrust or deceptive business practices
- Compliance failure
- Failure to disclose conflicts of interests

POLICY FEATURES

- Cover litigation brought by stakeholders against directors and officers where there has been an allegation of a breach of duty or breach of law.
- Respond to litigation arising out of a broad range of business activities including IPO or other debt or equity initiatives, M&A, financial reporting & other statutory obligations and corporate failures.
- Provide umbrella cover to all the directors and officers of the holding company and all subsidiary companies. The insurance can also extend to joint venture or associated company board positions.
- Cover all the current, past and future directors and officers on an unnamed basis.
- Cover for representation costs when Directors or Officers are required by law to be present for an investigation or inquiry regarding the organization and Cover for legal fees and costs incurred in the investigation and defence of a Directors and Officers claim.
- Cover employment related claims brought against the company.
- Cover securities claims brought against the company.

CONTACT

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