

Directors and Officers Insurance

Directors and Officers (D&O) cover protects directors, officers and managers of a company against their personal exposure to claims made against them arising from their decisions and actions. This could include accusations of sexual harassment, discrimination or wrongful discipline.

Why might you need a D&O policy?

While most corporate bodies are protected through public liability or other forms of insurance, this doesn't necessarily mean the individuals will be protected. Consequently, if a claim is made against them, they might be personally liable and their personal assets might be at risk.

Directors could be exposed to claims from a wide array of individuals and organisations, such as employees, regulators, customers, creditors and government agencies. These claims would not be covered under any other type of liability insurance, but can be protected against by a D&O policy. Small and medium enterprises are just as vulnerable as large companies, perhaps even more so as they often do not have in-house HR or legal teams. The owners of SMEs are sometimes more cash-rich than the businesses they are running, which could leave them more exposed to claims.

What claims would be covered under a D&O policy?

- A director signed a company cheque but omitted the word 'Limited'. The cheque was not honoured and by the time the correct cheque was re-presented, the company had gone into liquidation. As a consequence, the managing director was held personally liable for the value of the cheque, over £30,000.
- A former director of a company sued the current directors, alleging they had conspired to deny him his correct pension benefits. The directors personally incurred costs of £36,000 defending the claim.
- Two directors were found guilty of wrongful trading following the failure of their company. One of the directors had paid off a debt to another company he owned in preference to the other creditors. They were both held personally responsible and liable for over £400,000 of the company's debts.

If you don't have Directors & Officers insurance, or if you worry your current cover is not adequate, call **Richard Grainger**, Centor Broking Director, on **0207 330 8705** to discuss.

