

Directors' & Officers' Liability Insurance Claims Scenarios



In today's climate of increased corporate accountability, protecting your senior leaders from directors' and officers' (D&O) liability exposures can be a significant challenge—making robust D&O cover a crucial aspect of your organisation's risk management programme. At a glance, D&O insurance provides protection for a range of claims, including actual instances or allegations of errors, omissions, negligence and breach of duty by your senior leadership team.

Have a look at these D&O claims scenarios to better understand your policy in action:



Scenario A:

Your organisation's senior leaders negotiate a contract with a business partner. However, your senior leaders misrepresent the company's finances in order to secure the contract. When the business partner discovers this discrepancy, they take legal action against your senior leadership team.

Solution:

This would qualify as a wrongful act on your D&O policy, resulting in reimbursement for any legal costs that arise from the incident.



Scenario B:

Your company stores sensitive customer information on-site, but your senior leaders fail to enforce adequate cyber-security measures to protect this data. Consequently, a cyber-attack takes place, publicly exposing customers' personal data. Numerous customers take legal action against your senior leaders for the damages that result from this security failing.

Solution:

This would qualify as negligence on your D&O policy, providing cover for the cost of customers' legal disputes related to the breach.



Scenario C:

When terminating an employee, your senior leadership team doesn't follow the company's formal dismissal process. In response, the employee takes legal action against your senior leaders for an unfair dismissal.

Solution:

This would qualify as a breach of duty on your D&O policy, offering cover for the resulting legal and employment tribunal costs.

Contact your broker today to discuss D&O insurance solutions.