

DIRECTORS' & OFFICERS' LIABILITY



THE MAJORITY OF FILINGS DURING 2008 CONTINUED TO NAME SENIOR OFFICERS OF COMPANIES AS DEFENDANTS. CEOs WERE NAMED AS DEFENDANTS IN 83% OF CASES FILED, AND CFOs AND CHAIRMEN OF THE BOARD WERE NAMED IN 72% AND 57%, RESPECTIVELY.

THE RISKS

The role of the director is becoming increasingly demanding and dangerous in today's corporate environment. Beholden to company shareholders, financial regulators and government agencies, a director faces potential legal liabilities on all sides. With the onset of more stringent corporate governance guidelines and increasingly complex legislation, recent years have seen a dramatic rise in the number of claims against directors both as a result of shareholder class actions and individual claims.

THE SOLUTION

Directors' & Officers' Liability Insurance (D&O) is the most effective means of ensuring a level of protection against the potential costs of a court case or the settlement of a claim. Failure to purchase such cover can put the personal assets of the director at risk. Considering the potential costs of the legal defence of a director, the financial penalties incurred if the case is lost, and the fact that the director's personal assets may be at risk, it is clear why a comprehensive D&O policy is now seen as an essential element of a company's insurance armoury.

THE COVER

In addition to covering the cost of going to court, Howden would advise that an effective D&O policy should also offer specific protection against the following:

- official investigation by governments and regulators
- damages awarded by a court
- civil sanctions (fines and penalties)
- claims made by dissatisfied employees
- claims made against the directors by the company itself
- claims made against the directors of subsidiary companies
- claims made against outside board positions held on the insured company's behalf

Howden would also urge you to consider a number of closely related insurance products to further strengthen your overall protection levels, including:

- Public Offerings Insurance (Prospectus Liability)
- Public Officials Liability Insurance
- Side A Insurance (Directors Only Cover)
- Trustee Liability Insurance
- General Partner Liability Insurance

OUR CLAIMS TEAM

Howden understands that the role of a good broker is much more than simply designing the right insurance product and placing it at a keen price. We also offer our clients an in-house claims management team, experienced in handling large claims. While no one wants to envisage a class action which could result in a large claim, with Howden's experts on your team you can be sure that you have the very best people working to get the claim paid.

Bevis Marks House | 24 Bevis Marks | London EC3A 7JB | United Kingdom
Tel: +44 (0) 20 7623 3806 | Fax: +44 (0) 20 7623 3807
reception@howdengroup.com | www.howdengroup.com

A subsidiary of Howden Broking Group Limited, part of the Hyperion Insurance Group.
Howden Insurance Brokers Limited is authorised and regulated by the Financial Services Authority. Firm reference number 312584.

Broker at **LLOYD'S**

