

Directors & Officers Insurance

Even privately owned companies and their executives can be sued over their decisions. The truth is your company and your top leadership may be sued over their management decisions by a variety of plaintiffs, including competitors customers, suppliers, regulatory agencies, shareholders, creditors, lenders and employees. In fact, according to the *Towers Watson 2010 D&O Liability Survey*, directors and officers of privately owned companies are sued nearly as often and face virtually all of the same exposures as their publicly held counterparts, even exposure to federal and state securities laws.

Why your company needs Directors and Officers (D&O) liability insurance

- » The most likely plaintiff against a private company or its executives is a customer, followed by a government agency or vendor.
- » D&O liability insurance helps fill coverage gaps that may exist in your general liability umbrella policies, which don't cover consequential financial loss arising from bodily injury, property damage, personal injury or advertising injury.
- » When you hire key employees away from competitors, you could be vulnerable to "bet the company" litigation. You may face exposure to allegations of breach contract, theft of trade secrets or unfair competition.
- » Private placements are an increasingly popular means of raising capital. Even if your securities are exempt from Securities and Exchange Commission (SEC) registration, you may still be sued for misrepresentation and other securities violations.
- » You may not always be able to help protect your executives when they are sued. What if state laws impose restrictions on your company's indemnification of its executives? What if your company becomes financially insolvent? Without D&O liability insurance, the personal wealth of your directors and officers could be at risk.

Directors and Officers Insurance responds to allegations like:

- » Breach of contract
- » Wrongful interference with a contract
- » Unfair trade practices
- » Consumer protection violation
- » Mismanagement and breach of fiduciary duty
- » Securities fraud in connection with private placements
- » Misrepresentation in the sale of part or all of your company
- » Failure to deliver services
- » Regulatory actions brought by governmental agencies such as the FDA, FTC, SEC or the IRS
- » Self-dealing and conflicts of interest

Insures:

- » Your executives, your employees and your company
- » Members of your advisory board, board of managers or management committee
- » Executives' and employees' spouses and domestic partners for such insured persons' wrongful acts

¹Source: *The Chubb 2010 Private Company Risk Survey*