



## MANAGING BUSINESS RISK: DIRECTORS & OFFICERS INSURANCE

**Directors and other senior staff have a wide range of legal responsibilities and face serious sanctions if they fail to meet them, but Directors & Officers cover can bring priceless peace of mind.**

Shakespeare, as usual, put it best when he wrote: *“Uneasy lies the head that wears the crown”*.



In other words, while holding a senior position may bring prestige and rewards it also brings pressures and threats.

Directors and others in high-ranking offices within companies can find themselves subject to a huge range of legal actions as a consequence of carrying out their duties.

There is no hiding place – Individuals will often be held **personally** responsible for their actions and for the actions of others. This means they can be obliged to fund legal costs and settlements from their own resources, with no aid from their company!



The number of claims is rising. Current legislation has over 250 statutes including:

- Companies Act 1985
- Insolvency Act 1986
- Financial Services Act 1986
- Environmental Protection Act 1990
- Health & Safety at Work Act 1974

Failure to comply with any duties under these acts could find an individual in their capacity as a Director or Officer facing action from any of the following:

- Creditors
- Investors
- Employees
- Shareholders
- Distributors
- Fellow Directors
- Competitors
- Vendors and Purchasers

Coupled with the Nation becoming more litigious and people being willing and able to go to law in pursuit of their rights and interests.....

# Directors need protection!

## The Solution

Directors & Officers insurance (D&O) covers Directors and Senior Staff against the cost of defending themselves against legal action brought against them as a consequence of carrying out their duties, including any damages that may be awarded.

Cover includes such problems as employment disputes, shareholder actions, pollution liability and corporate manslaughter. It can also cover all relevant people within an organisation, including spouses, outside Directors and employees.

## Why have D&O protection?

Without insurance a director could have to fund any defence personally and in worse case scenarios uninsured directors could face personal bankruptcy.

Look at the examples overleaf to look at what situations could bring rise to a claim:

What if you were prosecuted under the Environment Act for pollution on your land? No matter that it was caused generations ago by a company that has long since ceased trading!

What if your shareholders sued your auditors because they botched a rights issue?

How would you defend yourself when the auditors settled and then commenced third-party proceedings against you?

Heard the one about:-

- the company secretary of a construction firm being sued because of failure to comply with a tree preservation order?

- the UK manufacturer being sued in France because its labels fail to comply with French law?
- the road haulage firm being sued for failing to disclose the loss of a contract before attempting to raise capital?

## Don't risk operating without D&O protection!



**Call us now to discuss your requirements**

**0870 787 8022**

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