



Directors & Officers Insurance

Every company has a duty of care to its employees, customers, shareholder & the public.

A director is responsible for the management of their company and if something goes wrong, a director could be held liable, whether they were aware of the problem or not.

Without D & O cover, directors could risk having to defend themselves against an allegation and pay defence costs should their defence be unsuccessful.

This is the case if you are a director of a small company just as much as if you are the director of a large organisation.

With the Corporate Manslaughter Act 2007 coming into law in April 2008, an organisation can be deemed guilty of corporate manslaughter if a gross management or organisational failing causes a persons death. Both the Police and the Health & Safety Executive (HSE) investigate all deaths in the work place.

Examples of D & O Claims

- Director who signed a company cheque whilst the company was in receivership, found that the cheque was not honoured and he was held personally liable to the payee
- An affidavit given by a director contained a statement that the company had sufficient resources to meet a solicitors' fee in respect of an action being brought against the company. Before the fee was paid, the company went into liquidation. The solicitors sought redress from the director.
- A director was sacked by his employers, who alleged he had sexually harassed an employee. The director successfully sued the company for wrongful dismissal and libel.
- A director found himself defending an action, brought under sex discrimination legislation, following the dismissal of a pregnant employee.
- Shareholders brought an action for mis-management against the directors of a company, which had suffered exceptional losses. Although the directors were successful in their defence, they incurred sizeable legal costs that were met by their insurers.
- An employee was injured during the course of their normal work. The subsequent Health and Safety investigation uncovered poor working practices and held directors responsible for failings in their risk management. Insurers met the cost of both the initial investigation and the costs of the court case.