

Directors & Officers Liability Insurance Senior Management Protection

More than ever, the personal liability of Directors and Officers is at stake. GPL will offer solutions to protect your personal assets.

Directors and officers of corporations face numerous obligations dictated by regulatory and governmental bodies. Furthermore, the tendency of the public to affirm their rights, together with a hostile business climate, leaves no doubt that directors and officers are more and more exposed to litigation.

A director can be held accountable or responsible for his total personal wealth, not only for his actions as a member of the board of directors but also for acts of other directors and/or officers by the simple fact that he sits on the Board of Directors.

At GPL, we understand these risks, whether it be in the private sector, public sector, limited partnerships, trust accounts, or non-profit organisations. We will address the financial consequences of this risk and the method of financing the exposures, whether through self-insurance or the transfer of risk. We will propose alternative solutions, methods to manage the risks, information on the market, coverage analysis and limits.

Expertise: Our professionals have more than 25 years of expertise in Executive Risks, including Directors and Officers Liability insurance. Over the years, we have developed an acute understanding of coverage options, clauses that require amendment, insurers and their claims abilities. It allows us to address issues that are often overlooked, but can seriously affect the amount paid by an insurer in the event of an insured loss. We can help you prepare a comprehensive insurance placement to minimize the financial impact to your company. Reviewing your wording on an existing program, or building a new program with as much risk transfer to the insurer as possible is a crucial step to ensure maximum coverage protection.

Insurance does not address all issues, but minimizing your risk is what we do best. Here are a few issues that should be given consideration when purchasing Executive Risk protection:

- Generally, the Entity (Company/Corporation) is not covered with the exception of securities claims for a public entity;
- Certain extensions within your policy can erode the limits available to the directors and/or officers;
- If you opt to add Employment Practices coverage via endorsement, be advised that in most cases the Entity is not covered and would have to defend itself. Can your organization afford additional legal expenses?
- There are many dates in a Directors & Officers policy that can impact coverage. We will explain the difference between a "retro" date, a "continuity" date, "prior acts" date and "pending and prior" litigation dates;
- Certain fraud exclusions (as well as others) should be amended to minimize negative consequences.



Here are other issues to consider:

- Ontario Bills 168 & 198, C-45 in Quebec, SOX in the United States;
- Are you aware of the consequences of not respecting the claims clauses?
- Are the limits underwritten sufficient?
- Did you know that without the proper endorsement, the carrier could revoke coverage at any time?
- Coverage could be restricted if there is a change of control, an acquisition or a private company going public.

There are a multitude of enhancements and/or amendments that can be negotiated to improve your Executive Risks insurance package. Some other questions to consider are: Do you review what is new in the market? Do you have a clear picture of how the policy can limit coverage? Are you aware of the current market trends, premium coverages or ratings?

At GPL, we can respond to your needs. We will answer questions and inform you about the protection that needs to be considered for your executive risks such as Directors & Officers Liability, Employment Practices Liability, Fiduciary Liability, Crime, Kidnapping and Extortion. We also provide services for all other lines of coverage including Personal Lines and Group insurance.

To contact us:

Linda Ryan, A.I.B., CIP
lryan@gplassurance.com
☎ 514-788-4406

GPL
assurance

www.gplassurance.com

Tailor-made solutions | *Personalized service*

Trustworthy professional services • An unmatched expertise of the insurance market • Advice on minimizing and managing your risks
• Advocacy of your interests during the claims process • Solutions to complex problems

This bulletin is produced for your information only and constitutes neither an opinion on the stated coverage nor legal advice.