

DIRECTORS AND OFFICERS LIABILITY INSURANCE

Directors and Officers can be sued personally by any stakeholder for a decision taken by them on behalf of the Company in their managerial capacity. The core Purpose of a D&O policy is to provide financial protection for managers against the consequences of actual or alleged “wrongful acts” when acting in the scope of their managerial duties.

What does it pay?

- Indemnity to Directors and Officers for:
- Legal and defence costs, and
- Damages and expenses incurred,

arising from claims brought against them personally, due to wrongful acts in their capacity as Director or Officer of a company

Policy Coverage Side A Directors & Officers	Side B Company Reimbursement	Side C Entity
Trigger: Allegations against D&O’s are not indemnifiable. It covers the Personal liability of D&O’s: provides indemnity to the individual when no reimbursement is provided for by the company.	Trigger: Allegations against the D&O’s are indemnifiable. It provides indemnity to the company when it has reimbursed an individual in accordance with the company’s constitution.	Trigger: Allegations against the entity for securities and employment practices Covers the company against any claim made on the Company w.r.t the Securities of the company or Employment Practices of the company
Pays on behalf of D&O	Pays on behalf of policyholder	Pays on behalf of policyholder/entity
Deductible does not apply	Deductible applies	Deductible applies

Popular Extensions

Spousal Liability: A provision in D&O liability policies extends covers to an Insured’s spouse. The Director or Officer when named in a lawsuit, may try to shield assets by transferring them to their spouses. The plaintiffs’, therefore, have also started naming the spouses in the law suit. Spousal coverage does not cover an insured Director or Officers spouse for a wrongful act, they only cover the spouse interest in property against which a claim is made

Outside Directorship Liability: When there is a claim made against the Insured in their capacity as the director or officer of any other company or organistaion provided that position was held at the specific request of the Company, the policy will pick such losses.

Advancement of Defense Cost: At the discretion of the Insurer, certain costs and expenses may be advanced prior to final settlement of the claim. By offering this extension, in an event of an ongoing claim under the policy, the Insurer may offer certain sums before the final settlement of the claim



Automatic acquisition of subsidiary: If the Company creates or acquires a Subsidiary during the Certificate Period, then Wrongful Acts committed after the effective date of acquisition will automatically get covered under the policy

Investigation and Official Enquiry: The policy pays for reasonable costs, legal fees and expenses incurred by the Insured for any legally required attendance at an Official investigation, examination and inquiry by an official body or any official body legally empowered to do so. This is not tied to a wrongful act

Emergency Cost: If, due to an emergency, the insurer's written consent cannot reasonably be obtained before defence costs are incurred with respect to any claim, the insurer will give retrospective approval for such defence costs

Exclusions:

- Deliberate, Dishonest or Fraudulent Acts
- Acts done prior to retroactive date – Prior Acts
- Insured vs Insured – USA
- Bodily Injury and Property Damage
- ERISA/SEC

*Please refer policy wording for complete terms and conditions

Highlights of ITGI's Director's & Officer's policy

- **Additional Limit of Liability for Non-Executive Director** – The policy provides a cover for INR 50 Crores in the aggregate, once again in addition to the limit, to the Non-Executive Directors of the company for a claim on them. Cover inbuilt in the policy wording
- **Public Relations Cost** – The cover is available in addition to the limit of liability
- **Witness Cover** – Available in addition to the Indemnity limit and inbuilt in the policy wording
- **Mitigation Cost** – For a circumstance notified under the policy, which may lead to a claim, the Insured may request for obtaining legal advice for averting or minimising such risk, which might result in a claim. ITGI's policy pays for such Costs – INR 50 Lacs in the aggregate
- **Extradition Cover** – ITGI allows Extradition up to full policy limits, inbuilt in the Policy and also allows for family cover up to an aggregate of GBP 10,000 for accompanying family members