

# Directors & Officers' Liability Insurance

The board of directors, the president, treasurer, and other officers of an organization are the brains of the company. Increasingly, directors face personal financial liability in an increasingly complex and litigious world. That is the purpose of D&O coverage: to lower that risk in order to attract the best talents for the company.

## Directors' Personal Liability

Whilst a company's liability may be limited, the personal liability of a director for their wrongful acts is not. Most likely sources of claims:

1. The liquidators of insolvent companies against former directors
2. New boards following a take-over

3. Existing boards against officials who have proved negligent, perhaps over health and safety issues

## Statutory Liability

The Companies Ordinance in Hong Kong describes the Directors' Duty of Care, Skill & Diligence to the company he or she works for.

Breach of this duty will have civil and Common Law consequences for a Director. D&O insurance covers for the legal cost and awarded damages

## Claim Examples

Contact us for more information and claim examples.

## Basic Coverage falls in 3 parts:

### Side A

Indemnifies directors and officers against personal liability arising from claims made against them by reason of any "wrongful act" committed, or alleged to have been committed, by them in their capacities as directors and officers of the company.

### Side B

Provides indemnity to the company in respect of any payment, required or permitted by law, the company makes to its directors or officers against whom a legal action has been brought.

### Side C

Optional Entity Cover if the company is sued.

For more information about Director's & Officers Liability Insurances

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