

Directors and Officers Liability Insurance

Coverage in brief

Directors & Officers (D&O) liability insurance protects the directors and officers, as well as senior managerial staff, in your business against claims arising from their actions and decisions taken in their official capacities. This includes damages awarded in civil courts and the potentially substantial defence costs if a director or officer faces criminal or regulatory charges.



Zurich's Multinational Insurance Proposition

- Policy applies to claims brought anywhere in the world, where legally permissible
- Availability to issue local D&O policies for local subsidiaries and insured persons in jurisdictions where required by law or where requested by company
- Specific application of more favorable terms and conditions of Zurich's standard foreign D&O policy approved by Zurich for use in such foreign jurisdiction when local D&O policy purchased
- Financial Interest Cover to provide certainty of reimbursement to the Swiss Policyholder for local subsidiaries and insured persons in jurisdictions where the policy cannot directly apply due to local insurance regulations and where a local insurance policy is not elected by the Swiss Policyholder
- As part of an international program covering EEA risks under Freedom of Service principles we offer foreign country amendatory endorsement –specifically tailored to the unique risks facing directors and officers in non-Swiss jurisdictions

Broad definition of Insured Person to include:

- Directors, officers, trustees, governors management committee members, members of the board of managers
- Risk manager
- Employees for securities claims and employment claims
- Employees for all other claims – on a co-defendant basis
- Natural persons who are de facto directors and officers
- Approved persons
- Shadow directors
- Employee acting as a lawyer for the Company
- Any director, officer or employee who is
 - a member of the Company's internal audit committee, compensation committee,
- Natural persons named as a prospective director in listing particulars or offering prospectus issued by the Company
- Employee members of the Vorsorgekommission

Company («Entity») coverage extension available:

- Company covered for civil and criminal Securities Claims
- Company covered for administrative/regulatory Securities Claims – on a co-defendant basis

Broad definition of claim including

- Written demands by Third Parties
- Civil, criminal, administrative/regulatory, arbitration and mediation proceedings
- Investigations of insured persons – post notice of charges
- Securities agency (including USA SEC) investigations of insured persons – post subpoena
- Employment claims coverage for directors, officers and employees

Broad definition of financial loss

In addition to traditional D&O coverage for defence costs, damages, judgement and settlements:

- pre/post judgement interest on a covered judgement
- plaintiff's attorney fees awarded on a covered judgement
- punitive, exemplary, multiple and aggravated damages (other than for Employment Claims) – law most favourable language
- civil penalties against insured persons under global anti-corruption laws similar to the United States Foreign Corrupt Practices Act (the "FCPA")
- indemnity costs for shareholder derivative demands,
- reputation recovery costs

Definition of subsidiary company and broad automatic cover for new subsidiaries

In addition to traditional D&O coverage extensions to subsidiaries:

- Includes foundations and charities controlled or sponsored by the Company
- Automatic coverage for any new subsidiaries created during the Period of Insurance for 60 days
- Automatic coverage for full Period of Insurance for any new subsidiaries acquired during the Period of Insurance whose securities are not traded in the US and whose assets are beneath a generous threshold based on Policyholder assets
- Additional scheduled coverage available for specific new subsidiaries available from underwriting

Enhancements for times of economic crisis and increased compliance demands on directors

- Extra Excess Limits of Liability for Non-Executive Directors
- Extra Excess Limits of Liability available for directors and officers making career changes ("Portable D&O" cover)
- Broad cover for directors and officers of-up to 72 months in case of insolvency events and bankruptcy proceedings
- Specific ongoing protection for directors applying for composition agreements (court-granted debt restructuring procedures in Switzerland)
- Payment of Extradition Costs of an insured person with regard to a covered claim
- Early cover for certain investigations prior to formal claim being brought
- Investigation Costs incurred by an insured person to attend a formal investigation, hearing or enquiry into the affairs of the Company outside the USA

Other key enhancements of coverage

- Payment of Bail Bonds/Civil Bonds expenses of insured persons with regard to a covered claim
- Payment of Prosecution Costs of an insured person to discharge or revoke a judicial order with regard to a covered claim
- Specific Run-off coverage for past Outside entity positions held by directors and officers
- Specific Run-off coverage for past subsidiaries

Limited exclusions

- Defence Costs for insured persons in claims involving bodily injury and property damage (such as potential Corporate Manslaughter proceedings brought in the UK)
- Final adjudication language for the conduct-related exclusions
- No pollution exclusion
- No Insured vs. Insured exclusion (except for USA)
- Severability of all exclusions except those relating to prior claims and circumstances

Extra Excess limits on additional cover extensions

- Non-Executive coverage and Portable D&O coverages are extra limits outside of program limits purchased so they do not deplete core coverage amounts available to other insureds

Outside entity coverage for mandates and service outside of the Company

- Outside entity definition to include all not-for-profit entities
- Outside entity definition to include all for-profit entities in which the Company has a participation (other than US domiciled, publicly-traded and financial institutions)

Extended Reporting Periods (ERP)

- Automatic 60 days ERP for no additional premium charge
- Bi-lateral options for 1, 2 and 3 years ERP at preset premiums available in the event of non-renewal of the Policy
- In the event of a Change In Control, options for 1,2 and 6 year ERP at preset premiums
- Retired directors entitled to elect 6 years ERP for no additional premium charge

Fair claims handling and notification provisions

- Insured has the right to emergency defence costs without prior written consent of the Insurer
- Fair and reasonable allocation language
- Deductible does not apply in the event
 - Company does not indemnify due to insolvency
 - Company does not indemnify (other than due to insolvency), provided that Company shall reimburse the Insurer for the deductible depending on ultimate claim decision
- Definition of defence costs to include costs of an approved accredited expert for defence of a covered claim
- Non-cancellable policy by Insurer – except for non-payment of premium
- Policy allows reporting of claims as soon as practicable after the office of general counsel or risk management department first becomes aware of the claims
- Post policy reporting window

Disclaimer and Cautionary Statement:

The above described coverage may not be available in all countries for all prospective insureds, and the above descriptions are neither a complete description nor a complete list of all terms, conditions and limitations of the policy. Note that certain terms used in the above are defined in the policy. Please see the policy for a complete description of its scope and limitations of coverage. Persons requiring advice should consult an independent adviser. Issuance of coverage is subject to underwriting.



To find out how
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