



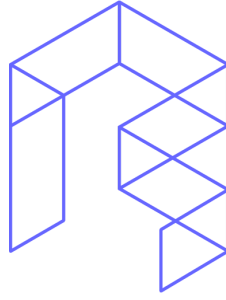
RiskBox

5 KEY POINTS

Directors & Officer Liability Information Document

Risk Box Ltd is an Appointed Representative of Bullerwell & Co Limited who are an independent insurance intermediary authorised and regulated by the Financial Conduct Authority (Firm Reference Number 301045).





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Section 1:

Who is the Action Against?

A key question to ask is who is being sued (i.e. who is the named defendant in a legal action):

- If the legal action is against the business (the entity), then it is usually Professional Indemnity that will respond
- If the legal action is against the individual within the business, then Professional Indemnity will not respond, but Directors & Officers Liability will

There are exceptions but that is always a good starting point

As an individual it is important to note that your liability is unlimited, unlike the business which is protected by limited liability status.

This means that if you are sued as an individual, not only would you have to pay the legal defence costs yourself, your personal assets would be used to pay damages

Section 2:

Your Service vs Running Your Business

Professional Indemnity policies cover the work that you do as a business, so protect you for being sued for negligence, errors and so forth in your services provided

They don't cover you for other issues, such as if a landlord were to sue you for misrepresenting when signing up for a lease or were you to say something defamatory outside your normal service (such as making an unwise comment on a forum)

Directors and Officers Liability covers these aspects outside your normal service provided

Section 3:

Issues Involving Insolvencies

A key aspect of decent Directors & Officers liability relates to issues around insolvencies.

Often an aggrieved party has a choice as to whom to bring a claim against - is it against the organisation or the individual. The thought process for this would include the ease of success and likelihood of recouping damages.

There is little point for an aggrieved party to take action against a business if it's about to be, or has become, insolvent. Even if they won the case they may be within a long line of creditors awaiting payment, which could be slow and would likely only be a fraction of what they are owed.

In those circumstances aggrieved parties will look at taking the action against the individual, and this is particularly if the individual has assets (a house, car, savings, etc..)

Some Directors & Officers policies actually exclude this cover, and we would not use those insurers for this.

Chubb include this as standard, which is why we use them.

In addition to the cover to defend legal actions when insolvent, it also includes some extra covers, such as protecting your personal liability to pay company taxes following insolvency.

Section 4:

Additional Protection for the Business

There are some additional covers within the Directors & Officers Liability package which are to be protected elsewhere.

The best example is a Health and Safety claim:

Assume one of your employees was seriously injured or killed while working for you.

Your Employers Liability policy would defend you from actions brought by the injured party, or their estate should they have died. It pays defence costs and damages/costs awarded

Your Employers Liability policy does not pay to defend you from any action brought against you from the HSE, such as if they suggest you've provided an unsafe system or work and were therefore responsible for the death.

Again, this pays to defend you, though it cannot pay for the fines (and they can't be legally insured in this country)

There are plenty of other covers within the Corporate Legal Liability section, but the above is the most likely serious thing that could occur

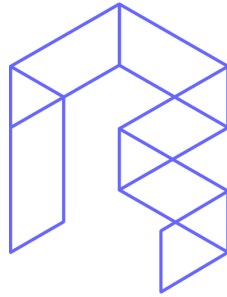
Section 5: Employment Practices Liability

This is also included within the packages we provide and is the most common area for claim.

Incidents will increase going forward now that the Government has reversed their stance on fees for tribunals

This section of the policy pays to defend individual employees and the business from things such as alleged discrimination, harassment, unfair dismissal and constructive dismissal

Should you lose it also pays the damages and any costs awarded against you



Choose Riskbox

Choose RiskBox for the peace of mind you need to keep doing what you love. Get in touch with us for more information.

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