

MANAGEMENT LIABILITY INSURANCE

In today's corporate environment, the role of the director is not only demanding but individuals holding such a position have an increasingly high exposure to risk. Beholden to company shareholders, financial regulators and government agencies, a director faces potential legal liabilities on all sides.

With the onset of more stringent corporate governance guidelines and complex legislation, the risks and responsibilities borne by directors and officers worldwide are ever increasing.

But it's not only private sector business leaders who need coverage in this constantly changing environment. Public officials throughout the world have become aware that their duties and responsibilities – and thus their risks – are not very different to those of company directors.

THE RISK

Being a director or an officer of a company can place individuals at high personal risk. Directors' personal liability for the legal and correct performance of their fiduciary duties to their companies is unlimited, but unlike companies, directors cannot hide behind limited liability - ultimately all of their personal assets are at risk.

If a company, shareholders, creditors or anyone believes that they have suffered a loss as a result of a wrongful act by a director, or they believe fiduciary or contractual duties have been contravened, they can sue no matter how spurious the claim or allegation may be.

THE SOLUTION

Management Liability (ML) Insurance is the most effective means of ensuring a level of protection against the potential costs of defending a court case, regulatory investigation or the settlement of a claim.

THE COVER

In addition to covering the cost of defending legal proceedings, an effective ML policy should also offer specific protection against the following:

- Official investigations by governments and regulators
- Civil sanctions (fines and penalties)
- Committee Members and Volunteers acting in managerial capacity
- Employment Practices
- Claims made against the directors by the organisation itself
- Claims made against the directors of subsidiaries
- Claims made against individuals in their capacity as directors of outside entities, with positions held on the Insured organisation's behalf
- Claims made against the organisation
- Retired Directors
- Additional Coverage for Insured Persons
- Crisis Containment

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