

DIRECTORS & OFFICERS LIABILITY COVERAGE



CONSIDER THE FOLLOWING POSSIBLE LOSS SCENARIOS:

\$1,250,000

A shareholder derivative action against a wholesaler and its directors alleges breach of duty. The plaintiff alleged the directors breached their fiduciary duties and wasted corporate assets in connection with certain business transactions with affiliated companies. The case settled for \$1,100,000 and attorney's fees amounted to \$150,000.

\$1,260,000

The CFO of a small ice cream manufacturer was discovered to have been creating false vendors and invoices and diverting the payments made to these vendors to himself over a period of several years. A breach of fiduciary duty suit is brought against the board of directors for lack of oversight and the case ultimately settles, but not before \$240,000 in legal fees and \$1,020,000 in damages is paid on behalf of the board.

\$1,650,000

A \$5 million dollar derivative lawsuit settled for \$1.5 million with an additional \$150,000 for attorney's fees. Investors alleged breach of duty including allegations that some officers of the company had outside connections to the third party contractor hired to re-tool an assembly line. Other officers and directors were alleged to have either knowingly colluded with one another, or at least breach their duty of care in undertaking the project without properly investigating the effects of the proposal or the qualifications of the contractor.

\$2,150,000

The jury awards a competitor \$2 million in damages after the president of a privately owned service company is found negligent of interfering with business relations. The president disclosed that his company's success is due largely in part to that competitor's lack of customer service and inferior product in a conference call with members of the press. The attorney's fees for this case amounted to \$150,000.

*These are only examples of losses sustained by various companies.
Coverage ultimately depends on the facts of each case and the terms,
conditions, exclusions and limitations of each policy.*

