

Directors and Officers

The Role of Company Director and Officer

In recent years it has become clear that the roles of company director and company officer have become more onerous. Directors and officers today carry **personal responsibility** not only for their actions but also where they fail to act in certain circumstances. The commercial environment today is one of:

Increased Personal Responsibility

There has been an increase in the number of laws assigning personal responsibility to individuals managing companies. This has meant that directors and officers can now be personally sued by shareholders, creditors, customers, competitors, employees and members of the public.

Increased Regulation

Increased government funding has enabled agencies such as the Australian Securities and Investment Commission (ASIC) and the Australian Competition and Consumer Commission (ACCC) to actively investigate the affairs of companies and prosecute where appropriate. The cost of legal representation during such matters is significant (regardless of the outcome).

The Benefits of Directors and Officers Liability Insurance

Personal Protection

Directors & Officers (D&O) Liability Insurance provides **personal protection** to directors and officers by protecting them against legal liability which they may incur whilst carrying out their duties as a company director or officer.

D&O insurance provides cover for settlements, compensation and/or damages awarded against an insured. In addition, D&O insurance provides cover for the significant legal costs and other expenses associated with defending legal actions.

Independent Protection

When faced with litigation, the directors and officers of a company may or may not be assisted by their company in defending an action. The decision to provide indemnity to a director or officer is often discretionary and in some cases may be prohibited by the company's Articles of Association.

D&O insurance resolves this problem by providing protection that is **independent** of any corporate indemnity which may be available. Furthermore, as legal action can be expensive and lengthy, D&O insurance can also assist by funding the defence of an action "up front".

Specialised Legal Representation

Litigation involving directors and officers is invariably complex and can often involve directors and officers defending their personal reputations. It is imperative that insured's have access to **specialised** and highly qualified legal practitioners who will represent them and protect their interests.

Insurance Protection

The increased responsibilities and regulation faced by today's company director and officer have highlighted a growing need for an insurance product to protect such persons against the personal and financial strain of litigation or prosecution.

In response to this growing need for protection QBE has developed a **Directors & Officers Liability Insurance** product designed to meet the contemporary needs of clients.

Product Coverage

QBE Directors & Officers Liability Insurance affords cover for:

- Civil proceedings
- Successful defence of criminal proceedings
- Trade Practices actions
- Occupational Health and Safety actions
- Official investigations and enquiries
- Employee actions

QBE Directors & Officers Liability Insurance may also be endorsed to include cover for:

- Outside Directorships
- Prospectus liability
- Joint Venture liability
- Pre-acquisition liability

Policy Features

QBE Directors & Officers Liability Insurance incorporates the following policy features:

- Unlimited retroactive cover
- Advancement of defence costs
- Additional reporting period
- Severability and non-imputation

Peace of Mind

Naturally, QBE appreciates that directors and officers will take appropriate precautions to minimise their personal liabilities, however the potential risks associated with the role of company director and company officer cannot be ignored.

QBE Directors & Officers Liability Insurance provides today's company director and officer with peace of mind in the knowledge that should they be faced with the prospect of litigation or prosecution, QBE will afford them every possible assistance and support in protecting their personal assets, their reputation and their business.