

A man in a dark suit, light blue shirt, and dark tie stands behind a white podium. On the podium is a silver microphone and a pen holder containing several pens. A small green plant is also visible on the left side of the podium. The background is a bright, out-of-focus office setting.

DIRECTORS & OFFICERS LIABILITY INSURANCE

....Insuring Accountability

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EVERY DAY, COMPANY DIRECTORS AND OFFICERS ARE FACED WITH IMPORTANT DECISIONS.

These decisions, made by dependable people with the best information and intentions, are sometimes flawed.

What then?

Well, if a shareholder of a company sues the Board of Directors or Officers for mismanagement or negligence, the directors and officers could be held personally responsible. This means that their personal assets – their house, their car, their bank account – could be at risk.

Even if the claim is not valid, and the directors and officers ultimately win the lawsuit; defending the claim will be a financial drain.

What's the solution?

Directors & Officers Liability Insurance from Auto & General Business Insurance has been designed to indemnify directors and officers against claims that they are legally liable for as a result of an innocent act or error in judgement.

WHO NEEDS DIRECTORS & OFFICERS LIABILITY INSURANCE?

As the name suggests, Directors & Officers Liability Insurance covers a company's past, present and future Board of Directors and Officers like the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) or the person appointed by the company to make crucial decisions.

Why is there a need for directors & officers liability insurance?

Companies and organisations do not make decisions. The directors and officers of a company do. They have fiduciary duties and when a director or officer doesn't fulfil a duty, they may be held personally responsible for their decision or action, or lack thereof.

What's more, thanks to the ever changing legislative landscape in South Africa – the Companies Act 2008, the Consumer Protection Act and the Protection of Personal Information Bill – the risk of personal litigation against company directors and officers is more prevalent than ever before.

The list below provides a summary of the major claims being filed against directors and officers and organisations:

Shareholders <ul style="list-style-type: none">• Accounting fraud• Dividend declaration• Executive compensation• Financial performance• Financial transactions• Breach of fiduciary duty• Inadequate disclosure• Insider trading• Investment or loan decisions• Loss or insolvency• Merger/acquisition• Share offering	Customers <ul style="list-style-type: none">• Antitrust violations• Contract disputes• Debt Collection• Deceptive trade practices• Fraud• Refusal of credit
Employees <ul style="list-style-type: none">• Breach of employment contract• Compensation• Defamation• Discrimination• Employee benefits• Employment conditions• Failure to hire or promote• Harassment• Whistle blowing• Wrongful dismissal	Competitors <ul style="list-style-type: none">• Antitrust violations• Business interference• Contract disputes• Copyright/ patent/ trademark infringement• Deceptive trade practices
	Government <ul style="list-style-type: none">• Antitrust• Consumer protection• Environment• Fraud• Securities• Taxes• Work conditions

WHO WOULD TYPICALLY TAKE LEGAL ACTION AGAINST DIRECTORS & OFFICERS ?

Against Public companies: Shareholders, employees, competitors, customers, miscellaneous third parties and government.

Against Private companies: Employees, customers and competitors.

Against Non-profit organisations: Employees, customers, competitors and miscellaneous third parties.

DIRECTORS & OFFICERS LIABILITY INSURANCE

With this product, the past, present and future directors and officers (and even the company, if it has indemnified the directors and officers) can claim for the following on account of claims by shareholders, employees, creditors, customers, competitors, regulators or any other stakeholder:

- *Civil or criminal defence costs*
- *Legal representation expenses*
- *Damages*
- *Judgements*
- *Settlements*

Directors & Officers Liability Insurance provides protection against allegations such as:

- *Misrepresentation or mismanagement*
- *Breach of fiduciary duty*
- *Negligence*
- *Unfair trade practices*
- *Consumer protection contraventions*
- *Breach of franchise agreements*
- *Wrongful interference with a contract*
- *Copyright, patent or trademark infringement*

Directors & Officers Liability Insurance responds to many types of claims including:

- *A written demand (whether or not for monetary compensation)*
- *A civil proceeding*
- *A criminal proceeding*
- *A formal administrative or regulatory or an arbitration proceeding*



DIRECTORS & OFFICERS LIABILITY INSURANCE KEY BENEFITS

- **Civil Liability:** Cover for legal liability providing that you serve as a director or officer of the insured company.
- **Legal Costs, Awards or Settlements:** Cover will usually indemnify you for both the legal costs of defending an action and any subsequent damages if awarded, or settlements agreed to.
- **Alternate Dispute Resolution:** The policy includes cover for arbitration services incurred in attempting to resolve a dispute that could potentially give rise to a claim.
- **Convenient** and affordable monthly premium payments.

SERVICE GUARANTEE

Directors & Officers Liability Insurance comes equipped with Auto & General's "Always there, Always a pleasure" service guarantee including:

- Claim specialists who will be at your side throughout the entire process – from claim to settlement.
- In the event of court proceedings, we will arrange and pay for a legal expert to represent you - someone who understands your business and the risks associated with your industry sector.





CONTACT US

Please contact your Auto & General Broker Consultant for more information. Alternatively, call

0860 10 60 91

or email

sales.liability@autogen.co.za

Auto and General Insurance Company Limited
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