

Leading the way in protecting your business leaders

Zurich Directors and Officers Liability

In an increasingly complex and challenging global environment, Zurich Directors and Officers (D&O) insurance addresses the liability exposures of your management team and of the company.



In leading their companies, directors must continually balance the need to drive the execution of their business strategies and the achievement of performance targets, while maintaining effective risk management and corporate governance processes, keeping up-to-date and ahead of emerging risks, such as cyber and climate change, and ensuring business sustainability and effective human resource management.

In this sometimes explosive context, we are seeing an increase in the number of liability

claims, in the form of investigations or civil proceedings, brought against directors by regulators, investors, and other third parties, as well as their own companies. Today, at a global level, there is an increased awareness of the importance of the D&O policy to manage the liability exposures of directors and officers. The need to work with an experienced D&O insurer to develop the right D&O cover to address the globalisation of D&O claims, as well as providing competent and effective claims handling, is essential.

In the current environment the traditional finance-related and regulatory-based D&O liability landscape is shifting to more cross-border, systemic and emerging risks, occasionally impacted by waves of industry events or scandals

Traditional sources of D&O claims

- Misrepresentation of financial information
- Securities offerings
- M&A deals
- Economic downturn and financial market volatility
- Shareholder activism reinforced by litigation funding
- Greater regulatory scrutiny
- Globalisation of the economy

Emerging risks, exposures and trends

- Climate change uncertainty, inaction or nondisclosure
- Environmental protection
- Cyber security, new technologies, GDPR and data breach ramifications
- Social engineering theft and fraud
- Multi-jurisdictional regulatory exposures
- Political turmoil
- Workforce protection obligations
- More extensive, protracted and costly litigation

Recent developments in directors and officers liability

Evolving multi-jurisdictional exposures

“Legal and compliance departments need to be aware that their companies may face substantial liability not just in their home jurisdictions, but also abroad, and keep abreast of these emerging trends throughout the world.

“Source: Global Securities and Litigation Trends, July 2019 Update, Dechert LLP

Increased risks for foreign filers in the U.S.

The share of class action filings against foreign issuers in the U.S. doubled to 21.3% in 2018 from 11.4% in 2009 following an overall increase of class action filings in the U.S.

Source: Securities Class Action Filings 2018 Year in Review, Cornerstone research

M&A transactions typically are transformational corporate events

From comparatively small private company transactions involving tens of millions of US dollars, to the largest multinational public company deals worth more than US\$100 billion, the purchase or sale of any company involves significant risks and many uncertainties. And even the most strategic and well-planned M&A transactions sometimes fail to deliver the economic benefits that the parties anticipated at signing. These factors individually and collectively make M&A transactions ripe for litigation.

Source: M&A Litigation 2019, Hogan Lovells

Climate change litigation continues to expand worldwide as a tool to strengthen climate action

- 1328 recorded climate change cases filed in at least 28 countries worldwide with litigation in the Americas, Africa, Asia-Pacific and Europe.
- Climate change litigation in low- and middle-income countries is growing in quantity and importance.

Source: Setzer J and Byrnes R (2019), “Global trends in climate change litigation: 2019 snapshot”. London: Grantham Research Institute on Climate Change and the Environment and Centre for Climate Change Economics and Policy, London School of Economics and Political Science

Comprehensive cover for an evolving environment

Zurich D&O Liability Insurance provides comprehensive protection against the evolving exposures faced by directors and officers, tailored to cover current and emerging risks, with customised product and service solutions.

Here are some of the key benefits of our product:

- Greater clarity in the overall operation of the cover
- Affirmative cover for cyber claims
- A new broad definition of security and privacy events
- Explicit cover for pre-claim events
- Cover for internal investigations
- Explicit cover for mitigation costs
- Extensive and focused protection for Individual Insureds provided through specific extensions
- Affirmative cover for environmental claims against Insured Persons
- Company extension for specific training and loss of data expenses after a cyber incident
- Clarity of claim reporting and handling provisions
- Specific claim protocol options

Zurich has a holistic risk management approach to your business and risk exposure needs with:

- up-to-date coverage with clear and simple language
- expert underwriting evaluating the traditional and emerging risks your company faces at every stage of its development with specific industry know-how and focus
- unmatched and extensive international program capabilities, which enable us to deliver local policies with local expertise in more than 215 countries
- award-winning claims handling and pre-claims advisory service available where and when it is required to protect you from global and domestic threats
- superior A+ rated financial strength and stability
- risk engineering and alternative risk structuring solutions

Rely on Zurich to protect your business leaders. For more information on Zurich Directors and Officers Liability, please reach out to your usual Zurich contact. Speciality Lines is a division of Zurich Commercial Insurance that includes Financial Lines, Political Risk, Surety and Trade Credit, Accident & Health and Marine.

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