

Leading the way in protecting your business leaders

Zurich Directors and Officers Liability Solution for Financial Institutions

In an increasingly complex and challenging global environment, Zurich Directors and Officers (D&O) Liability Solution for Financial Institutions addresses the liability exposures of your management team and of the company or institution.



In leading their business, directors must comply with an increasingly complex regulatory environment and continually balance the need to drive the execution of their 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 company or institution.

Today, at a global level, there is an increased awareness of the importance of the D&O policy to manage the liability exposures of the directors and officers of financial institutions. The need to work with an experienced D&O insurer to develop the right cover to address the globalization of 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

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

Emerging risks, exposures and trends

- Multi-jurisdictional regulatory exposures
- Technological changes and disruption
- Cyber security, GDPR and data breach ramifications
- Cryptocurrencies in an uncertain regulatory environment
- Climate change uncertainty, inaction or nondisclosure
- Social engineering theft and fraud
- Political turmoil
- Workforce protection obligations
- More extensive, protracted and costly litigation

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

Technological change

“For financial services organizations globally, the years since the global financial crisis (...) were marked by an unusually intensive (...) focus on risk-management and regulatory compliance matters. Last year, the results of our survey marked an initial shift away from those trends, in that (...) digital disruption and other threats to business competitiveness began to be viewed as increasing sources of concern.”

Source: Executive Perspectives on Top Risks – Key Issues Being Discussed in the Boardroom and C-Suite, 2019, Protiviti and North Carolina State University ERM Initiative

Climate change litigation

“Liability risks arise from parties who have suffered loss or damage from the physical and transition risk factors (...) mean(ing) that companies will be increasingly scrutinized for climate-sensitive choices and expected, for example, to: protect stakeholders from devaluations to their investment (...) and to accurately report on their potential exposure to climate-related financial risk to potential and actual investors.”

Source: Financial regulators focus on climate change risk, 21 May 2019, Pinsent Masons, Out-Law Analysis

The PRA proposed that firms address the financial risks from climate change through their existing risk management framework, in line with their board-approved risk appetite,

while recognizing that the nature of financial risks from climate change requires a strategic approach. This would include being able to evidence this in the written risk management policy, management information, and board risk reports.

Source: Bank of England PRA Policy Statement, April 2019

Cyber risk

“In the year to October 2018, firms reported a 187% increase in technology outages to the FCA, with 18% of all the incidents reported to the FCA being cyber-related. Going forward, cyber risk and data protection will remain at the forefront of the risk landscape for both financial institutions and directors, especially so now that the GDPR is in force (...)”

Source: Financial Institutions and D&O. International Review – March 2019. Clyde&Co.

Comprehensive cover for an evolving environment

Zurich D&O Liability Solution for Financial Institutions provides comprehensive protection against the evolving exposures faced by directors and officers, tailored to cover current and emerging risks, with customized 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
- Extensive and focused **protection for Individual Insureds** provided through **specific extensions**
- **Affirmative cover for environmental claims** against Insured Persons
- **Company extension** for specific **loss of data expenses** and **Directors and Officers cover** for **training costs** 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 or institution 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 Solution for Financial Institutions, please reach out to your usual Zurich contact.

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