



# DIRECTORS' AND OFFICERS' LIABILITY AND EXECUTIVE RISKS

**W**hether you own a business or sit on the board of a private or public company or of a non-profit organization, you are subject to liability for your decisions and actions. You may consider yourself well protected as the company you serve has provided you with an indemnification agreement, but do you know how much funds are put aside for the defence of the Directors and Officers in case of a claim? If the entity is a non-profit organization, do they have the means to defend you if a problem arises? If you own part of the company and, even more so, if you are the sole owner, you want to protect your assets and the bottom line of your business.

While you consider you have performed your duties diligently, a shareholder, an employee, a government agency or even a competitor may think otherwise. Although many claims and suits are unfounded, the defence costs associated with them can still be staggering and may prove to be too much to bear for many companies, let alone an individual.

The legal community has also contributed to expanding awareness of the responsibility carried by Directors and Officers in the governance of companies. All stakeholders are paying attention and voicing their concerns about the way companies are managed. Did you know that indemnification agreements and different legislation that govern companies may not permit a corporation to indemnify its Directors and Officers under certain circumstances? A Director or an Officer could even be led into personal bankruptcy!

The D&O insurance industry is adapting continuously to the new realities and complex issues associated with Directors and Officers and providing coverage commensurate with the faced risks.

In addition to the basic defence costs and third-party indemnity features, D&O insurance may provide cover for:

- Employment practices liability
- Environmental liability defence costs
- Outside directorship
- Spouses' defence
- Entity/corporation coverage



In addition, non-rescindable, non-indemnifiable claim coverages can be negotiated to protect the Directors and Officers in case the corporation is unable to maintain the policy in force.

BFL CANADA clients stem from all industries, from the large financial institution to the small independent business, local entrepreneur, and international corporation. Whatever the type and size of your organization, BFL CANADA will take the time to get to know your business and address its specific business needs through customized insurance products. Our experts keep abreast of legislative changes, legal decisions and claim trends so we may point out how these may impact your business and its Directors and Officers.

Directors' and Officers' liability insurance is one of the executive risks insurance coverages, which also include:

- Fiduciary liability
- Employment practices liability
- Kidnap and ransom, extortion
- Crime

Addressing the executive risks faced by your organization is an essential part of your business continuity plan.

