

Directors' & Officers' Liability Insurance

Unstable financial outlook, increased legal obligations, enhanced regulatory environment and recent court decisions make it important for you to review your current insurance policy.

Rising claims

The current worldwide financial situation is nothing we haven't seen before and a look back in history tells us one thing: as stock markets around the world respond to the credit crunch, soaring costs of food items and the rising oil price the number of Directors' & Officers' liability (D&O) claims will substantially increase.

Recession or a dramatic slowing of economic growth will lead increasing numbers of companies to issue profit warnings or present results that fall short of expectation. Dissatisfied investors who may believe that the companies in which they have invested are not being appropriately managed will respond by issuing lawsuits against directors holding them responsible for their loss.

Changing environment

This decade has witnessed an unprecedented increase in regulation with it now being almost commonplace for companies and directors to be investigated by government agencies, from competition authorities through to financial regulators.

At the same time the legal environment has placed additional responsibilities upon company directors, for example in Europe laws are being introduced increasing the number of environmental responsibilities and introducing new class action litigation, while, in the UK, the Companies Act 2006 imposes greater risks on directors, including more rights for shareholders to sue.

Getting the cover right

Two recent court cases in the USA highlight the importance of programme structure, policy wording and choice of underwriter. In one case the court ruled that the excess insurer was not obliged to settle a claim just because the primary insurer had done so, even when the policy was written on a 'follow form' basis. A cohesive defence strategy and agreement on payment of claims can be achieved with fewer players and fewer layers, particularly if a quota share structure is used and a common follow form wording for all insurers. In the second case the excess insurer was not obliged to contribute to a compromise settlement below the attachment point. A shaving of limits endorsement should be included so that excess insurers participate in settlements below their attachment.



Give your D&O policy a 'Health check'

Our team of D&O specialists, who are experienced in the London, US, Asian and Continental European markets, have recently launched a D&O 'Health Check' Service.

Through our unique position, working on a UK, US and International basis from one central hub, we benchmark your cover against best practices, the latest market enhancements and pricing structures. We can take into account the D&O risk exposures, corporate insurance buying philosophy and the required balance of protection between individuals and the company. All this will ultimately secure you the highest common factor of improvements for your D&O policy.

For more information please contact:

Michael Lea

Partner, JLT

Direct Tel: +44 (0) 20 7558 3686

Email: michael_lea@jltgroup.com

Ian Nichol

Partner, JLT

Direct Tel: +44 (0) 20 7528 4481

Email: ian_nichol@jltgroup.com

WHY JLT

We represent your interests in the market and negotiate directly with underwriters, while all technical support, claims handling and documentation is co-ordinated centrally from one location. It is this comprehensive approach that gives us confidence in our service quality and ability to achieve the optimal broking result.

JLT D&O Team strengths:

- Specialist team of nine full time practitioners based in London with worldwide expertise
- One of the broadest bespoke broker-owned policy forms in the market
- Ability to arrange locally issued D&O policies where required
- We assist with the filing of the taxes in those countries around the world where tax is payable
- We have negotiated a number of large and complex claims on behalf of our clients. We take the lead in controlling the negotiations and not sitting back and reacting to the market
- We delight in being proactive and not just reactive to our clients needs

Clients include:

- Three of the largest global telecoms companies
- Multinational pharmaceuticals
- Some of the world's leading technology companies
- International Mining companies
- Significant proportion of UK FTSE and AIM listed companies
- UK and Western European Construction companies
- Energy Companies
 - Up stream and down stream
 - Offshore and onshore
- Real Estate Investment Trusts (REIT's)
 - including the UK's largest property landlord.

JLT Specialty Limited

6 Crutched Friars
London EC3N 2PH
Tel +44 (0)20 7528 4000
Fax +44 (0)20 7528 4500
www.jltgroup.com

Lloyd's Broker. Authorised and Regulated by the Financial Services Authority. A member of the Jardine Lloyd Thompson Group. Registered Office: 6 Crutched Friars, London EC3N 2PH. Registered in England No. 01536540. VAT No. 244 2321 96

© July 2009 Reproduced January 2011 262939