

Directors & Officers Insurance

Why Does it Apply to You?



What is Directors & Officers Insurance ?

Often referred to as **D&O Cover**, this insurance protects directors and other senior staff of limited companies and Plc's

If a director is accused of breaching their duty, an action may be brought against them personally and if found guilty, the damages may be substantial, even crippling.

A common misconception is that directors of limited liability companies have limited personal liabilities. However, this is not the case – directors' personal liabilities are unlimited.

Why should you consider it ?

In the course of undertaking their everyday duties, directors are exposing themselves to potential lawsuits, investigations and prosecutions, which could involve the need for expensive legal representation. Without insurance directors may have to fund this personally.

The new Companies Act 2006, which took effect on the 1st October 2007 sets out a codified list of directors' duties. While this may be considered helpful in setting out what is required of a director, it also makes it easier for the authorities, regulatory bodies, and other potential litigants (creditors, shareholders etc.) to identify and demonstrate where a director has failed to act within the law.

Other areas, including for example actions by the Health & Safety Executive, have also gained media attention and reinforce the need for Directors & Officers Insurance.

How much does it cost ?

The insurance cover is purchased by the company and operates in the name of the company for the benefit of its directors and officers.

The level of cover generally tends to start at a limit of indemnity of £250,000 or £500,000 and depending upon a few variables, like the turnover level of the company, premiums may start from £350 or so.

How to get a Quotation ?

There is no suggestion that the UK level of litigation against directors is approaching anything like that of, for example, USA, but it does seem likely the number of actions will increase as directors are made to be more accountable for their actions.

To obtain a no obligation quotation – simply give us a call.