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# DIRECTORS AND OFFICERS LIABILITY POLICY

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## **Salient Feature**

The basic Companies Act 1956 itself and its various amendments through years have made the Directors and Officers widely exposed to liability towards shareholders, customers, suppliers, creditors, employees and other third parties. Our Directors and Officers Liability policy has been specially designed to provide protection to the Directors and Officers against liability to pay compensation on account of their wrongful act. With the latest amendments in the Companies Act, this policy is a must for Directors and Officers to remove their stress over liabilities and concentrate freely on the development of the business of the company.

## **Scope of Cover**

National Insurance shall pay on behalf of the insured

- All losses the insured are legally obligated to pay or
- Which the company is legally required or permitted to pay to the insured under applicable Company Laws or Agreements

For a claim against an insured for a wrongful act of the insured. Defence costs are also reimbursable under the policy.

**Wrongful Act :** Defined as any actual or alleged act, error, omission by the insured(s) while acting in their capacity as Directors and Officers of the company. Wrongful act also means any matter claimed against Directors and Officers solely by means of their status as Directors and Officers of the company.

Policy is on **claims made** basis.

**Policy can be extended to cover :**

- a) Non-Executive Directors.
- b) Spouses of Directors and Officers.
- c) The Estates, heirs, legal representatives of the deceased insured.
- d) Outside Directorship.

**Legal liability to a Third Party may arise in case of claims by :**

- a) Employees/former employees
- b) Shareholders
- c) Competitors
- d) Company bodies
- e) Suppliers
- f) Creditors
- g) Other third parties etc.

## **Premium Rating**

The rating would vary from client to client depending upon a number of factors like the profile of the client, the Sum Insured selected, present and past functioning of the company, information in the balance sheet and annual report, degree of exposure etc., and can be decided only after analyzing the full information.

## **Principal Exclusions**

- a) Dishonest, fraudulent, criminal or malicious act.
- b) Personal guarantee.
- c) Libel and slander
- d) Personal injury and damage to property.
- e) Pollution damage

Many of the exclusions can be waived on payment of extra premises.