

Directors and Officers Liability Insurance

Valuable protection your business can't do without

“I started this company by myself 20 years ago, and I am still the sole owner. Why do I need Directors and Officers Liability insurance?”

You've worked too hard and sacrificed so much to build a successful business. Don't let the actions of others put your business at financial risk. As a director or officer of any company, public or private, you can be held personally liable for your management actions.

Through our Private Choice Encore! product, The Hartford offers Directors and Officers Liability insurance that provides vital coverage for allegations of:

- Mismanagement
- Breach of fiduciary duty or loyalty

In addition, the company can elect coverage that protects against lawsuits seeking financial restitution from both the company and the directors and officers.

Who Brings Lawsuits Against Private Companies?

Take a look at the following examples and ask yourself these questions:

- **Competitors** – Are your competitors concerned about your financial interest or their own? If they feel your company has done them wrong, are they more likely to walk away quietly rather than bring legal action against you?
- **Customers** – Are your customers always satisfied? Have they ever threatened legal action against your company? Does your company have customers that pay you five or six figures annually? If so, you may be sued by one or more of your customers.
- **Suppliers** – Do you ever have disagreements with your suppliers or vendors? Is your financial well-being at stake if your suppliers do not deliver as promised? If so, you may be vulnerable to lawsuits brought against you by your suppliers, if your business relationship turns sour.
- **Government** – Are you completely aware of all federal, state and local regulations and laws that apply to your business? Do you always consult with legal counsel to ensure that your business decisions conform to these laws?
- **Shareholders** – Do you have investors who have a financial stake in your company, such as banks, friends, and even your own family members? Are you willing to risk all that you've worked so hard to build?

continued



That's what you're doing if you assume that these investors would never seek compensation if their investment was lost, or if it did not provide the returns they felt entitled to.

Claim Scenario

When the Competition is Not so Friendly

While being interviewed by a local television station, a company president is asked, "How much of your company's success is driven by the problems and downfall of your biggest

competitor ABC, Inc.?" The president answers the question in good faith, but references certain allegations that have not yet been proven true. ABC, Inc. then sues the president and his company for negligent interference with its business.

Result

Trial Award\$0
Attorney Fees\$310,000
Total\$310,000

**"WHY SHOULD
I CHOOSE
DIRECTORS AND
OFFICERS
LIABILITY
INSURANCE
FROM
THE HARTFORD?"**

Decide for Yourself

To find out, answer these quick questions to see if our coverage meets your needs.

1. Does your company have owners who are not on the board of directors?

Yes No

2. Does your company have customers who pay you more than \$100,000 annually?

Yes No

3. Does your company have suppliers to whom you pay more than \$100,000 annually?

Yes No

4. Does your company receive advice from outside counsel for every business decision?

Yes No

5. Does your company sell products or provide services outside the United States?

Yes No

6. Do your company's officers make decisions that are not always documented or recorded?

Yes No

If you answered "Yes" to two or more of these questions, then The Hartford's Directors and Officers Liability insurance is right for you!

To Learn More

For more information about Directors and Officers Liability coverage from The Hartford, visit us on the Web at www.hfpinsurance.com.

The scenarios summarized above are offered only as examples. Coverage depends on the actual facts of each case and the terms, conditions and exclusions of each individual policy. Please refer to the policy to determine all terms, conditions, exclusions, and limitations of coverage. Coverage is provided by The Hartford companies and may not be available in all states.