Beazley Logo

Industry Insights

D&O: Claims example

November 30, 2022

Our D&O liability insurance protects directors and officers as well as other individuals against claims arising from actions made in their corporate roles. The legal landscape corporate officials must navigate is fraught with twists and turns from an increasing number of active constituents.

We offer market leading solutions to address exposures comprehensively and clearly, thus providing our policyholders with greater confidence. Here’s a real life example of how our D&O policy worked for one of our clients.

The bankrupt insured, a cooperative, was comprised of dozens of member companies. The Chapter 7 Trustee sued the members and their executives seeking the return of dividends, redemptions, and other payments.

Breach of fiduciary duty claims were also asserted against those executives who sat on the cooperative’s board for approving the challenged payments and failing to sell certain subsidiaries of the cooperative prior to insolvency.

Our claims manager worked closely with the insureds to defend these claims, including assisting in the retention of defence counsel and experts. Because of the unified front put forth by the defendants and their insurers, we were able to put considerable pressure on the Trustee who ultimately agreed to settle the claims at very favourable terms, which were covered entirely by insurance. The Trustee had been under pressure from creditors to secure contributions from the insureds in excess of policy limits, but was ultimately disabused of that notion.

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