

Directors & Officers Liability is the liability of corporate board members and officers arising out of their actions pertaining to their management duties of the company.

Directors' & Officers' Liability Insurance insures the personal assets of directors and officers from lawsuits arising out of their capacity as directors or officers of the company.

Some of the heads of officer liability - allegations and offences that can invite legal action are:

- Breach of fiduciary duties
- Inaccurate financial statements
- Mismanaging corporate assets
- Fraud and dishonesty
- Misuse of insider information
- Environmental and pollution claims
- Product liability
- Conflicts of interest
- Wrongful dismissal of employees
- Breach of health and safety standards
- Anti-trust violations
- Sexual discrimination and harassment; disability discrimination
- Corporate Manslaughter - management failures that result in death
- Irregularities in Securities issues
- Tax evasion, tax liabilities and penalties
- Unauthorized or imprudent loans and investments
- mismanaging mergers and takeovers
- Insolvency actions
- Breach of minority shareholder rights

Litigation can come from -

- Shareholders and other investors
- Creditors
- Lenders
- Customers
- Statutory Authorities
- Employees
- Competitors

Hostile Work Environment

A female employee at a family-owned company claimed that a male supervisor offered to improve her performance evaluation in exchange for sexual favors. According to the employee, after she refused, her evaluations worsened and she ultimately was fired. She **sued both the company and its CEO. She claimed that the CEO was personally liable for damages because he knew or should have known about past incidents of sexual harassment by the male employee, and failed to terminate or otherwise discipline him.** Rather than face the expense and risk of trial, the company and the CEO settled all claims against them for Rs. 90 lakhs. In addition, defense costs incurred were Rs. 50 lakhs.

The policy pays for the legal expenses and the court awards against the directors and officers.