



Whilst carrying out your duties as a director, you face a number of risks which can be protected against through applicable insurance. The information below summarises the types of cover on offer but should you require a no obligation, personal consultation, don't hesitate to make contact with any of our preferred insurance providers.

	Corporate Directors Liability Insurance	Individual Directors Liability Insurance	Professional Indemnity Insurance
<b>Overview</b>	<p>Directors Liability Insurance (often referred to as D&amp;O Insurance or Management Liability Insurance) is a legal defence insurance that provides the financial assistance to fund the defence of directors and managers should they be litigated against or receive formal investigation over the way in which they ran a company. In addition, the policy also pays damages, awards and settlements (but not fines).</p> <p>Actions and investigations can come from a variety of sources including, Shareholders &amp; Stakeholders, Customers &amp; Suppliers, Creditors, Employees. Regulators (e.g. HSE, OFT, HMRC, FCA, Trading Standards).</p>		<p>Professional Indemnity Insurance (also known as PI insurance or indemnity insurance) can help protect you if claims are brought against you by a client due to a problem with work you have done for them. The policy includes cover for negligence, infringement of intellectual property, breach of confidence and defamation.</p>
<b>For whom</b>	<ul style="list-style-type: none"> <li>All legal forms of Company - Private Limited, Public Limited, Limited Liability Partnership, Limited Liability Company, Limited by Guarantee, Royal Charter, all forms of charities and not-for-profit organisations</li> <li>All industries</li> <li>The lead entity must be domiciled in the UK, Ireland, Channel Islands or Isle of Man</li> </ul>	<ul style="list-style-type: none"> <li>Directors of most legal forms of Company - Private Limited, Public Limited, Limited Liability Partnership, Limited Liability Company, Limited by Guarantee, Royal Charter, all forms of charities and not-for-profit organisations incorporated in the UK, Channel Islands or Isle of Man</li> <li>Directors of start-up's that are unable to buy corporate cover</li> <li>Directors looking for personal 'run-off' cover after leaving a company</li> <li>Not for directorship companies engaged in any form of financial mediation or the bio-tec sector</li> </ul>	<ul style="list-style-type: none"> <li>Individuals and companies of all sizes that provide an advisory service</li> <li>Businesses with an approved business activity</li> <li>A range of professions such as: <ul style="list-style-type: none"> <li>Accountancy</li> <li>Business &amp; management consultants</li> <li>IT consultants, suppliers &amp; software developers</li> <li>Marketing and media companies</li> <li>Recruitment consultants</li> <li>Estate &amp; letting agents</li> <li>Engineers</li> <li>Graphic designers</li> <li>Web designers, and many more</li> </ul> </li> </ul>
<b>Why?</b>	<p>Business complexity and constantly evolving regulations make it difficult to keep pace with everything and decisions made with the best intentions can receive scrutiny. With litigation on the increase, any legal action or investigation needs to be responded to and proving innocence can be a very costly business. The bulk of claims are incurred in legal defence costs which without the insurance backing would need to be borne by the company.</p>		<p>You may feel confident in the quality of your work, but any small business is vulnerable to a claim of negligence when professional advice or services fail to meet a client's expectations and cause financial loss.</p>
<b>Products available</b>	<p>IoD Corporate Directors Liability Insurance, provided by Quantum Underwriting Solutions and underwritten by Chubb Insurance, is bought by the company and covers:</p> <ul style="list-style-type: none"> <li>all directors and senior employees</li> <li>on a blanket basis</li> <li>subsidiary companies and their directors.</li> </ul> <p>Specialist additional covers are also available to cover the entity itself as well as other risks like Employee Practices Litigation and Pension Schemes.</p>	<p>IoD Individual Directors Liability Insurance, provided by Quantum Underwriting Solutions and underwritten by Chubb Insurance, is bought by an individual (although it can be paid for by the company). It acts as a last line of defence and is only triggered after all corporate assistance has been exhausted, so it effectively comes in to play when the company is unable or unwilling to assist the director(s).</p>	<p>IoD Professional Indemnity Insurance, provided by Hiscox, is bought by an individual or a company. The industry-specific policies suit the risks you face in your particular industry and are available to a range of professions.</p>
<b>Costs</b>	<p>From £525 per annum for £1m of cover (or from £893 for £2m)</p>	<p>From £32.23 per month for £1m of cover (or from £51.70 for £2m)</p>	<p>From approx. £15 per month</p>
<b>More information</b>	<p><b>W:</b> <a href="http://www.iod.com/dli">www.iod.com/dli</a>  <b>E:</b> <a href="mailto:iod@quantumplc.com">iod@quantumplc.com</a>  <b>T:</b> 0800 015 1533</p> <p>IoD members receive preferential rates</p> <p>Acceptance is subject to satisfactory underwriting criteria. Policies are subject terms and conditions. Copies are available upon request Quantum Underwriting Solutions Plc has been appointed by the IoD to deliver market leading Director's Liability Insurance products, underwritten by Chubb Insurance, for IoD members. The IoD is an Introducer Appointed Representative of Insurance Acquisition Holdings which is registered and authorised by the Financial Conduct Authority. Full details are available at <a href="http://www.fca.gov.uk">www.fca.gov.uk</a>.</p>		<p><b>W:</b> <a href="http://www.iod.com/pi">www.iod.com/pi</a>  <b>T:</b> 0800 280 0354</p> <p>IoD members save 5%</p> <p>5% discount is only available via the specific phone number and website listed above, and is subject to underwriting criteria. Cases that do not meet Hiscox's underwriting criteria may be referred to a Hiscox recommended specialist broker, where the preferential rate will no longer apply. The Institute of Directors is an Introducer Appointed Representative of Hiscox Underwriting Ltd, which is authorised and regulated by the Financial Conduct Authority. For UK businesses only.</p>

	Corporate Directors Liability Insurance	Individual Directors Liability Insurance	Professional Indemnity Insurance
<p>Scenarios/ case studies</p>	<p><b>Negligence and wrongful loan</b> The insured person was a director of two companies, owned by overseas investors. The companies sued him, alleging that the loan was ultra-vires and he had caused a project to fail. One allegation was dismissed and struck out and the other was settled just before the trial. <b>Over £600,000 defence costs were incurred.</b></p> <hr/> <p><b>Franchise failure</b> The insured company entered into franchise agreements to sell their products. A small number of franchises performed poorly and risked potential damage to the brand and reputation. Following legal advice, termination letters were issued to three franchise holders for breach of contract. Two of the franchisees made allegations of fraudulent misrepresentation against the company and against a director. The basis of the allegations were that the individuals to whom the franchise agreements had been granted were misinformed as to the potential for business growth and development. <b>Defence costs exceeded £100,000.</b></p> <hr/> <p><b>Membership dispute</b> The dispute centred on the club's apparent attempts to alter the terms of membership agreement. Club members alleged the defendants conducted the club's affairs in a manner unfairly prejudicial to their interests in breach of the Companies Act 2006. <b>Defence costs exceeded £73,000 and the settlement amount was over £22,000.</b></p> <hr/> <p><b>Insolvency action</b> The insured company provided outdoor staging services. They entered into administration following non-payment of fees on a large overseas contract. Proceedings were issued against the former directors alleging that each of the four directors breached their duty owed to the company pursuant to Section 174 of the Companies Act 2006. In addition, it was maintained that directors had failed to take sufficient steps to ensure or secure prompt payment from their customer, or alternatively, failed to put in place the necessary insurance to protect them from the risk of default. <b>Defence costs and damaged exceeded £1.2m.</b></p> <hr/> <p><b>Share dispute</b> The claimants were employees who alleged that they were each promised a 10% shareholding in the business when they were made directors. The managing director who was alleged to have made the promise maintained that the discussions were informal and nothing had been confirmed in writing. The claimants sought performance of the agreement and damages for breach of contract, plus interest. <b>Defence costs were in excess of £170,000.</b></p> <hr/> <p><b>Unfair prejudice</b> Shareholders filed a petition against a director alleging breaches under the Companies Act 2006 for unfair prejudicial conduct and breach of duties as a director. Allegations were made regarding the insured company and litigation with other companies, when a settlement offer could have been accepted, awarding of bonus payments without full board support and purchasing of land without knowledge of other directors. <b>Case length 3 years, defence costs and damages exceeded £650,000.</b></p>		<p>Direct loss claim following the theft of over £80,000 by a manager at an insured retailer. A quick investigation revealed the extent of the thefts, which involved over 300 individual transactions. <b>Costs incurred c.£80,000.</b></p> <hr/> <p>The insured designed packaging for a client biscuit producer. The packaging, unfortunately, was faulty in design and the biscuits could not be held securely within the boxes provided. There was some liability at the client's side in failing to supervise staff when packing the boxes themselves. Following a negotiation process the claim was settled including the delivery of a new design rectifying the original problem. <b>Costs incurred £15,000.</b></p> <hr/> <p>The insured produced posters for an advertising campaign in London. These appeared on various target transport links and a representative of the client reported that the product was named incorrectly on the posters. The product title had been changed in error by an employee during the design process and it was not spotted in any of the following versions. It was agreed with the insured that an urgent reprint was needed. The claim was settled. <b>Costs incurred £16,000.</b></p> <hr/> <p>A recruitment consultant suffered substantial losses as a result of their Finance Director stealing money in order to fund his gambling addiction. <b>Estimated loss £200,000.</b></p> <hr/> <p>Claim against a managing agent for failure to provide a banister/stair rail in a managed property. The tenant suffered serious brain injury when he fell down the stairs. <b>The claim is expected to run into six figures.</b></p>

Our preferred providers



CHUBB

