



## **LAUW Financial Institutions**

### **Directors & Officers Policies**

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## Why buy D&O Insurance?

Directors & Officers plus individuals acting in a managerial or supervisory capacity (including employees who make decisions that affect the whole, or a large part of the business of their company, or have the capacity to affect significantly the financial standing of the company), face the real threat of incurring personal financial liability as a result of their actions in the work arena.

Legal actions are commonly brought against individuals by shareholders, regulatory authorities, creditors, customers and employees.

In addition under Chapter 2D of the Corporations Act a breach of an officer's duties may result in fines of up to AUD \$200,000 and the requirement to pay compensation.

## Claims Examples:

- Directors sued over allegedly misleading statements to the public as to the financial position of the company.
- Regulatory authorities investigating and prosecuting Directors over the same statements.
- Creditors and customers taking action against Directors for insolvent trading.
- Employees bring claims for wrongful termination of employment, failure to employ, discrimination, harassment, and invasion of privacy.
- Directors being sued/prosecuted for breaches by the company of OH&S legislation.
- Class action suits against Directors by disgruntled shareholders and investors.
- Directors and Officers being sued for alleged misuse of confidential or copyrighted information.
- Directors being prosecuted for breaches of the Corporations Law.

## LAU FI D&O Policy

LAU have developed a policy that is designed to deal with various financial consequences that can arise in relation to a claim.

#### **POLICY BENEFITS**

**THE FOLLOWING IS A GUIDE ONLY, FOR FULL PARTICULARS REFERENCE MUST BE MADE TO THE CURRENT POLICY WORDING.**

- Reimbursement to the Company, where permitted.
- Advancement of Defence Costs in the absence of a denial of Indemnity.
- Fines & Penalties Cover, where the director is not blameworthy.
- Outside Board Cover.
- Broad Definition of Director & Officer.
- Past Directors.
- Estate Heirs & Legal Representatives.
- Lawful Spouse of any Director and Officer.
- Employment Practice Wrongful Acts Cover for Director & Officers.
- Defence Costs resulting from Attendance or Representation in connection with an Examination or Proceeding.
- Pollution Defence Costs.
- Occupational Health & Safety Defence Costs.
- Discovery Period.
- Continuity of Cover.
- Severability.

### **LAU D&O Policy Including Securities Entity Coverage**

Securities claims are becoming more common in Australia. Most of the securities claims to date have only involved the **Company**. There may be allegations as to the conduct of Director or Officers but generally only the **Company** is sued. LAU have developed a separate form to extend coverage to the Company in the event of a securities claim.

#### **SECURITIES CLAIMS EXAMPLES**

- Companies sued in a class action by shareholders as to misrepresentation on financial issues affecting share price.
- Companies sued by investors for improper conduct relating to securities of the company and misleading statements in relation thereto.

#### **POLICY BENEFITS**

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All benefits are as per the Executive Policy with the following enhancements:

- Company Securities Claim.
- Continuity of Cover for Securities Claims.

## Contact

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