

D&O Insurance under Pressure

Current public scandals like WIRECARD or TÖNNIES may be extreme and exceptional, however, both of them make clear that responsibility for a company is directly connected with a variety of risks.

Directors' & Officers' policies (D&O) were developed to protect senior employees against third-party claims due to breaches of duty. This insurance is usually taken out by the company for its directors and officers. The current Corona pandemic situation increases the claims potential, e.g. due to

the possible increasing number of insolvencies. What is often overlooked here is the responsibility of the management of the numerous medium-sized companies who currently have to take risky decisions in order to keep the company running.

Small business, medium-sized company or corporate group: Managers are liable for negligent breaches of duty

According to § 43 German Private Limited Companies Act (GmbH-Gesetz) and § 93 German Corporation Law (Aktiengesetz), managers and supervisory bodies are liable for negligent breaches of duty – unlimited and with their private assets. Even missing a deadline can influence the financial stability of the company.

Current loss statistic trends in the D&O sector and tangible scandals as mentioned above show that managers are increasingly being called upon to take on their (payment) obligations due to such breaches of duty. This puts more pressure on insurance companies. We are currently observing a hardening market - fewer insurers want to expose themselves to the risks of this market. A tightening of insurance terms and conditions or a shortage of capacity threatens.

Manager liability: Do you know which aspects you need to consider?

A D&O insurance policy takes effect if a claim is made against you as the responsible manager for a loss due to an (alleged) breach of duty during your function as a director or officer. Managers of a company are also liable after their exit from the company – an aspect that is often forgotten. Especially in the current situation, we recommend you to take a close look at your existing D&O policy: Is really everything covered that should be covered? Your D&O insurance package should at least contain worldwide insurance protection as well as legal protection against financial loss. If you would like to install a new D&O policy for your directors and officers, we will help you to analyse your position and areas of responsibility in detail before we propose a tailor-made D&O insurance policy. With our worldwide network, we are able to create suitable solutions for you.



source: pixabay.com

Are you looking for a comprehensive D&O insurance solution for your company?

Please do not hesitate to get in touch. We look forward to your call or [e-mail](#).



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