

D&O LIABILITY

D&O LAWSUITS ARE ALMOST AS COMMON FOR PRIVATE COMPANIES AS PUBLIC COMPANIES

IN THE PAST 10 YEARS, D&O CLAIMS AFFECTED:¹

27% of **private** companies

33% of **public** companies

Of those surveyed by Chubb, **13%** experienced a D&O-related event in the **past 3 years**.

D&O LAWSUITS ARE OFTEN COSTLY

\$697,902

Average total cost to the company of a D&O event, including judgments, settlements, fines and legal fees.

AMONG THE LOSSES REPORTED:

\$10 MILLION
each by two large companies

\$2.6 MILLION
by a midsized company

\$1 MILLION
by a small company



Yet only **28%** of private companies purchase D&O liability insurance.

WHO TARGETS PRIVATE COMPANIES?

- Vendors
- Competitors
- Investors
- Shareholders
- Employees
- Government
- Regulatory agencies

ACTIONS COMPANIES ARE TAKING THAT CAN INCREASE THEIR D&O LIABILITY RISK

Likely to be involved in a major acquisition or merger or sale of part of the business in the next year: **25%**



Lack a published corporate governance program, despite anticipated increase in government regulation: **60%**



Executives (whose companies conduct operations outside the U.S.) **not concerned** about possible Foreign Corrupt Practices Act violations, including bribery and corruption: **92%**²



TYPES OF D&O CLAIMS AGAINST PRIVATE COMPANIES (IN PAST 10 YEARS)¹

38% Employment-related

25% Derivative shareholder/investor suit

19% Direct shareholder/investor suit

19% Regulatory

19% Fiduciary

25% Other

DID YOU KNOW...

A General Liability policy may not offer protection for mismanagement of your business. For instance, a GL policy normally excludes coverage for any financial consequences due to alleged wrongdoings of a company's directors and officers.



Beware of the JOBS Act

D&O liability risk may increase for private companies that avail themselves of some of the Act's provisions.

PRESENTED TO YOU BY:



For more information contact your agent or broker, or visit Chubb online at www.chubb.com

SOURCES

1. 2012 Directors and Officers Liability Survey Towers Watson.
2. 24% of the companies surveyed conduct operations outside the United States.

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