Swiss Re
Corporate Solutions

SwissGuard®

8 great reasons for private companies to secure Directors & Officers (D&O) insurance

SwissGuard® for Private Companies is a comprehensive policy designed to grant protection for Directors and Officers Liability, Employment Practices Liability and Fiduciary Liability for Canada domiciled companies. We apply our coverage expertise to the risk transfer needs of our clients by delivering quality insurance protection.

1. **Personal Wealth Protection**

Directors and Officers can be held personally liable for claims and therefore risk their individual financial security. D&O insurance can protect the personal assets of directors and officers, their spouses and estates. Often company assets are closely tied to the personal wealth of management, making protection for claims brought against the entity extremely vital.

2. **Indemnification Supplement**

An Organization's bylaws may state that the company shall indemnify its Ds & Os, but that does not guarantee that the entity will have the resources to do so. Further, the entity may not legally be able to indemnify Ds & Os even if the resources are available. When a company cannot indemnify its Ds & Os, D&O insurance can step in instead.

3. **Balance Sheet Protection**

Allegations against Ds & Os can be costly, even when they are frivolous, unfounded, or lack merit. Complex claims, such as shareholder suits, anti-trust allegations, and merger objection claims can generate sky-high defense and settlement costs that could have a negative impact on the firm's financial profile and viability to continue as a going concern. A D&O policy can absorb these types of costs.

4. **Vast Potential Claimant Pool**

Directors and Officers can be sued by shareholders, competitors, creditors, customers and employees. Moreover, claimants can include federal and state agencies who can initiate investigations that have the potential to generate a host of issues ranging from large defense costs to unflattering publicity and negative effects on a company's brand.

5. **Formation Status Changes**

Many private companies have the goal to become publicly-traded. In so doing, Ds & Os face exposures stemming from representations made during pre-IPO (roadshow) activities all the way through the commencement of trading and beyond. Private companies with an established relationship with a D&O insurer often experience a smoother transition and perhaps a more competitive marketplace in terms of pricing and coverage grants. Moreover, they would not have to make new warranty statements, at least for the incumbent layer(s).

6. **Bankruptcy/Insolvency Protection**

During an economic or industry down cycle there is potential for bankruptcy resulting in creditor suits and bankruptcy trustee claims against board members. Claimants can seek restitution at the expense of the individual director or officer. When a company is insolvent and can't indemnify the board, a D&O insurance policy is the last line of defense for Ds & Os.

7. **Talent Acquisition**

Securing D&O coverage helps attract talent for outside and/or new board members as these individuals will know they are protected. With D&O insurance in place, the leadership team can focus on managing operations rather than managing disruptive, perhaps lengthy litigation.

8. **Affordability**

Cost versus Value - D&O is very affordable insurance when compared to the cost of defending litigation and paying settlement values, which can be very expensive.

The intended distribution of this document is to licensed insurance producers. Insurance products underwritten by Swiss Re Corporate Solutions America Insurance Corporation.