

Directors & Officers Liability / Crime Coverage

Directors and Officers Liability Insurance (often called D&O) protects the directors and officers of a company, or the organization itself, against damages or defense costs in the event they suffer a loss as a result of an alleged wrongful act.

D&O coverage insures the behavior of directors and officers. Many D&O claims are the result of an incorrect decision that causes a discontented member to file a lawsuit against the directors and officers who made that decision. Even innocent errors in judgment can bring D&O insurance into the forefront of such matters. Directors and officers of a Lions Club or District can be liable if they damage the organization by breaching their duties, violating the organizations bylaws, or failing to disclose conflicts of interest. One claim example would be the situation where a group of association members filed a lawsuit alleging the recent election of a new board President did not follow the association bylaws. The members argued that a 51% majority vote was not obtained for the election to be valid. This action resulted in over \$75,000 of defense costs.

While a Club or District can choose to indemnify their directors and officers against a lawsuit, this approach puts the clubs assets at risk. In addition, should the Club / District assets prove to be inadequate for defense or settlement the director or officer's personal assets would be in jeopardy. The purchase of Directors and Officers Liability Insurance provides a cost effective way to eliminate the chance of financial loss from this exposure.

Directors & Officers Liability Coverage Highlights:

- Policy provides a comprehensive solution for the Directors & Officers of Lions Clubs and Districts or other approved Lions organizations. Whereas General Liability coverage insures for liability arising out of bodily injury and property damage, this policy protects Directors and Officers against wrongful acts as described above
- Defense costs are in addition to the limit of liability
- Optional selection of counsel – Club may request specific defense counsel or tender defense to the underwriter
- Definition of individual insured includes lawful spouse / domestic partner, the estate and heirs
- True world wide coverage territory
- Order of payment language with priority placed on indemnifying individuals first
- Automatic acquisitions coverage for non-profit entities coming within the insured Organization's control during the policy period
- For profit subsidiary coverage available
- **Crime / Fidelity (Bond)** coverage protects your club for the dishonest acts of your employees / members resulting in the loss of money and securities. This optional coverage is available with the completion of the supplemental application

This description is for information purposes only and does not extend or alter coverage offered