



Directors' Liability Survey 2022

Directors and officers insurance coverage

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In addition to asking respondents to answer questions on risks for directors, we also asked them to comment on the directors and officers insurance their organisation purchases and their corporate indemnification arrangements.

72% of our clients responded their organisations indemnified their directors to the fullest extent allowed by law, while 11% said the indemnification was only where approved by shareholder vote. Of course, this can be a key issue in some directors and officers claims, particularly for policies that look only at the question of whether the company is required or permitted at law to indemnify directors.

We also asked respondents to rank the value they see in various aspects of their directors and officers cover. The highest values went to understanding how directors and officers claims will be controlled and settled and a choice of lawyer-counsel. The lowest values went to the extent to which clawback provisions apply to the policy and whether there is coverage to appoint a public relations expert to manage reputation risk in the event of a claim. These last two were the lowest ranked in last year's survey as well.

Looking at the regional split of the responses, we can see all regions except Asia ranked these two as the least significant, except in Asia where having a broad definition of who is insured ranked second lowest with reputation risk cover coming in third lowest.

Handling and settlement of claims was number one in all regions except North America, where it was choice of lawyer, and Latin America, where it was cover for fines and penalties.

In terms of choice of defence counsel, only 18% of respondents ranked cost as being an important factor while 92% said “Expertise in Field” was an important factor.

Turning to policy limits, retentions and premiums, only 11% of respondents had seen reductions in their policy limits over the last year, with just 2% saying they anticipated a reduction next year.

By contrast 64% had seen an increase in premium and 44% anticipated an increase next year. Of those who had seen their limits change, 44% said this was down to increased cost while 44% said it was down to availability of capacity.

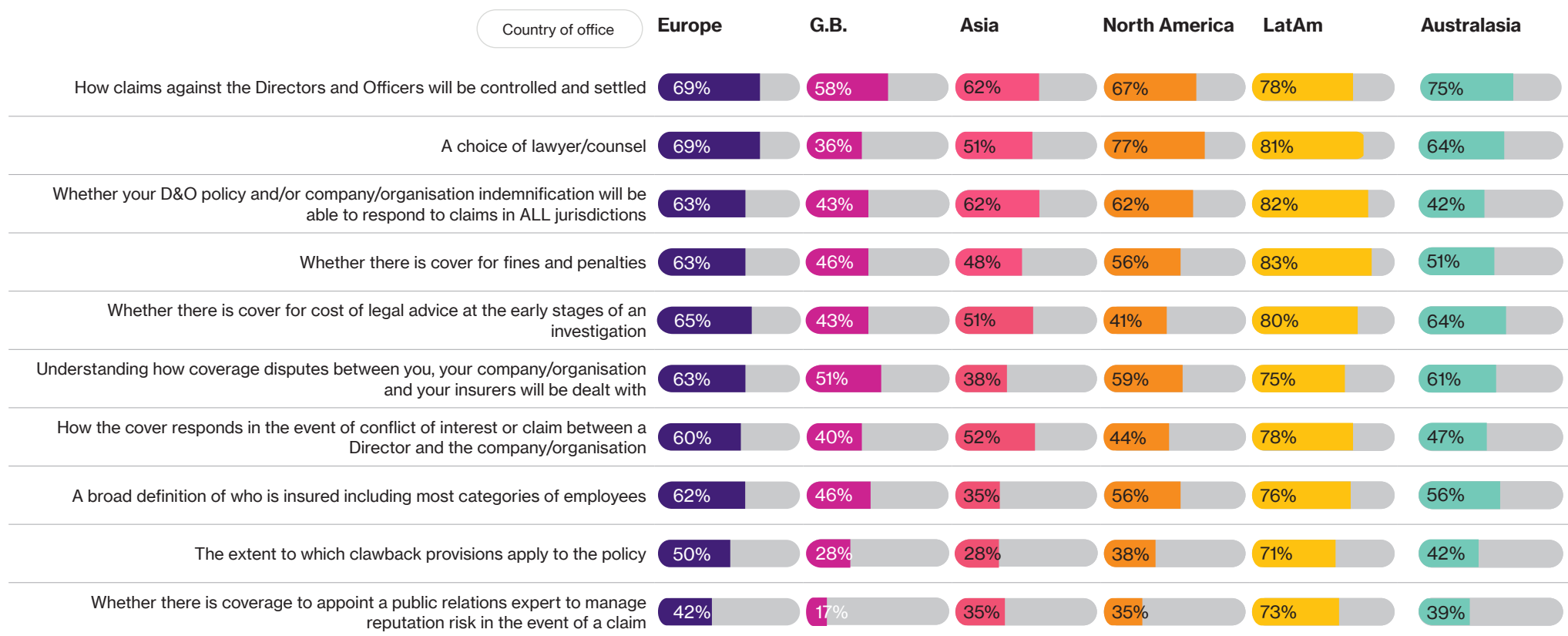
The limits of liability being purchased by the respondents’ organisations also varied remarkably. While most companies with revenue of \$5bn or more purchased at 100+millions of directors and officers insurance, 13% purchased only 10-19million and 1% purchased only 4-9 million.

By contrast, 2% of organisations between \$1bn to \$5bn revenue purchased no directors and officers insurance, which rises to 6% for organisations with revenues between \$50m to \$1bn and 16% for organisations with less than \$50m in revenue.



Insurance coverage issues – by region

How important are the following Directors & Officers liability insurance coverage issues to you?

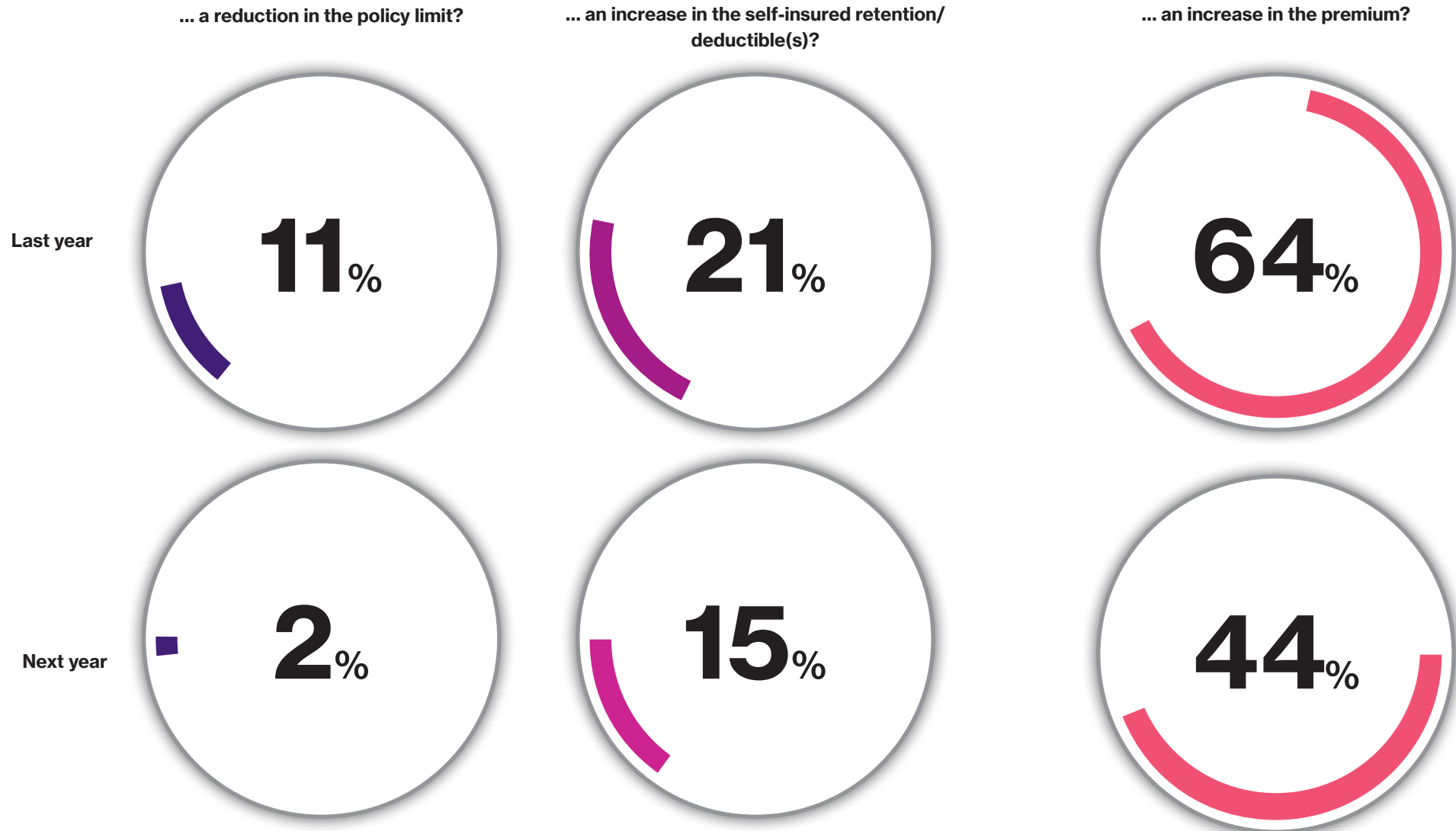


(% of 'very' or 'extremely important')

Source: Directors' Liability Survey 2022

Insurance coverage issues – by region

How have the following aspects of your organisation's Directors & Officers liability insurance policy changed or are expected to change



Note: Don't know was excluded

Source: Directors' Liability Survey 2022

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