



# Directors and Officers Liability Insurance for Private Companies and Non-Profit Organizations

Directors and officers of private companies and non-profit organizations today face more pressure than ever in a rapidly evolving litigious and regulatory-driven environment. An aggressive plaintiffs' bar coupled with heightened regulatory oversight has resulted in an increased focus on these entities and their leaders. This has made the purchase of robust directors and officers (D&O) liability insurance a necessity for organizations seeking to support their leadership team's efforts in mitigating the cost of defending and resolving these disputes, protecting both personal and organizational assets, and ultimately recruiting and retaining top leadership talent.

AIG's Directors and Officers (D&O) Liability Insurance provides comprehensive protection, backed by more than six decades of experience, an integrated claims model, and the financial strength to ensure we are there for our clients when they need us most.

## Coverage Details

- Protects executives against liability arising from allegations by shareholders, regulators, customers, vendors, and other third-parties
- Coverage for defense costs and damages, including judgments and settlements, for claims related to corporate decision-making, including but not limited to allegations of breaches of duty, neglect, misstatements, misleading statements, or omissions
- Coverage for current, former, and future executives of the company and its subsidiaries, as well as their executives and employees
- CrisisFund® sublimit with no retention for public relations and legal services to respond to and mitigate adverse effects of a reputation crisis event faced by the company or its executives
- Sublimit with no retention for derivative investigation costs (costs incurred by a company in its investigation to determine how to respond to a shareholder demand to commence civil action on behalf of the company against its management team for alleged wrongdoing)

## Market-Leading Underwriting and Appetite

- Broad appetite for private and non-profit organizations of any size across industry sectors
- More than six decades of industry knowledge, resources, and data enable AIG to offer tailored, sustainable, and creative coverage solutions
- Dedicated underwriters across the U.S. focus on providing best-in-class service to clients and brokers
- Holistic multinational capabilities with rapid turnaround to help protect clients wherever they operate

## Exceptional Claims Support

- Integrated claims model combining underwriting and claims expertise provides clients with exceptional service and a smooth, collaborative claims process
- In-house claims expertise and national network of panel firms help clients achieve best possible outcomes in the most efficient manner
- Claims professionals are empowered to make decisions in a timely manner when response time matters most to clients

## D&O Protection

Directors and officers liability coverage insures private and non-profit entities and their people by providing:

- Personal protection for individual insureds in their capacity as executives or employees of the organization for amounts which the organization is unable or not permitted to pay on behalf of the individuals, often due to the organization's bylaws or pursuant to state or federal law (Side A Coverage)
- Entity protection to reimburse the organizations for amounts it incurs on behalf of its executives or employees when named in their capacity as executives or employees of the organization when the organization can indemnify its executives and employees (Side B Coverage)
- Entity protection to reimburse the organization for amounts it incurs on its own behalf for claims made against the organization directly (Side C Coverage)

## Claims Scenarios

Industry: Food Service

Location: Illinois

Size: \$100+ million annual revenue

A specialty food producer insured was involuntarily forced into bankruptcy after an investment by one of their largest lenders fell through. In the bankruptcy proceeding, the insured executives faced claims by the bankruptcy trustee on behalf of the company's unsecured creditors alleging that they failed to maintain and preserve certain license agreements which resulted in a decrease in the company's revenues and led to their financial downfall. AIG worked expeditiously with the insured towards an early resolution, cooperating with the trustee's counsel to settle the matter in just a few months. In the process, AIG obtained a dismissal on behalf of one of the company's former executives and proactively identified and defended an additional executive who had not previously appeared in the action and faced potential default judgement. Due to the AIG's proactive efforts and significant experience in similar matters, the claim settled for \$900,000, less than half of the original demand amount, and in fewer than four months. The AIG policy provided coverage for the full settlement amount and defense costs of approximately \$1.1 million.

Industry: Non-governmental organization (NGO)

Location: Virginia

Size: \$150,000 annual revenue

An NGO insured was informed that a media outlet intended to run a story asserting that they improperly removed children from their homes. The insured immediately notified AIG and within one day the matter was accepted as a crisis event, thus covered under the CrisisFund with their D&O policy. AIG and the insured immediately engaged a leading public relations firm and worked together to develop a strategy to defend the allegations and mitigate exposure, expeditiously and successfully preventing a claim. Within days of notification, the AIG policy paid \$25,000 of crisis services expenses.

Industry: Manufacturing

Location: New York

Size: \$90 million annual revenue

A lender and party of a refinancing loan brought action against an insured chemical manufacturer's executives for breach of fiduciary duty, breach of contract, tortious interference with contracts, and aiding and abetting breaches of fiduciary duty in connection with the lending agreement. Cognizant and respectful of potential conflicts between the multiple defendants, AIG ensured that each of the three insured executives was individually represented by leading defense counsel. With extensive experience in similar matters, AIG worked closely with the defendants and counsel to achieve a settlement of \$20 million, one-fourth the initial demand amount, and within a short time frame. This expedient resolution enabled the insured to complete a pending acquisition transaction that had been on hold due to the litigation. The AIG policy paid \$3.5 million towards the settlement.

Industry: Construction

Location: Texas

Size: \$50,000 annual revenue

An insured non-profit affordable housing developer and its CEO were brought in as third-party defendants to an action between a property owner and general contractor. The plaintiffs alleged fraud and civil conspiracy, citing an undisclosed relationship between the insured, who was hired as a developer for the project, and another professional they had hired to work on the same project. AIG worked closely with the insured to understand the nature of the allegations and determine risks and benefits to proceeding with litigation or settling the matter. With a strong defense strategy, both parties agreed to proceed with a trial. A jury ultimately returned a verdict in favor of the insured, with no damages owed. The AIG policy covered approximately \$900,000 of defense costs.

*AIG has more than six decades of experience providing management liability solutions for private and non-profit organizations and their directors, officers, and employees. Our extensive experience, expertise, and insights enable us to tailor solutions that meet our clients' individual needs. Coverage is backed by AIG's financial strength, integrated claims model, and proven claim expertise, ensuring that we are there for our clients when they need us most.*

## Contact

For more information, please contact your local Financial Lines Private Non-Profit Accounts underwriter or email [FinancialLines@aig.com](mailto:FinancialLines@aig.com).



The scenarios described herein are offered only as examples. Coverage depends on the actual facts of each case and the terms, conditions and exclusions of each individual policy. Anyone interested in the above products should request a copy of the standard form of policy for a description of the scope and limitations of coverage.

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