Directors’ and Officers’ Liability

An Insurer’s Perspective

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Agenda

D&O insurance:
- Important features
- Risk drivers
- Trends
  - Market trends
  - Claims mentality
  - Legal/regulatory environment
  - D&Os in a digitalised society

Important Features of D&O Insurance

D&O insurance is complicated.
- Many different stakeholders.
- Many different risks.
- Frequently conflicting interests.

Important Features of D&O Insurance

D&O insurance is tailor-made.
- There is no such thing as a ‘one size fits all’ solution.

Important Features of D&O Insurance

D&O insurance is strictly confidential.
- That’s why it is difficult to do research on the topic.
- Reputational aspects are at stake at all times.

Important Features of D&O Insurance

D&O insurance is international.
- Many different jurisdictions have to be considered, since companies act globally while regulation and enforcement practices vary significantly.
Important Features of D&O Insurance

D&O insurance is indispensable:
- To protect companies
- To protect D&Os
- To protect investors

D&O Insurance: Risk Drivers

Developments in many areas can influence the frequency and severity of losses.

D&O Insurance: Trends

Market Trends

- M&As
- Institutional investors
- Financial crisis
- Cyber
- US market still 60% of D&O insurance worldwide, but exposure in other markets is on the rise
- Consequences of a soft market

Claims Mentality

- Claims mentality outside US is changing
- Media coverage, recently several high-profile cases
- Litigation funding
- Defense costs

Legal/Regulatory Environment

- Constantly tightening net of regulation, stricter enforcement of existing regulation, new/improved mechanisms to bring claims
- Examples:
  - Yates Memo
  - WCAM
  - KapMuG
D&Os in a Digitalised Society

- Massive data breaches happen all the time.
- Regulatory/enforcement action has increased sharply.
- More civil litigation against D&Os likely to follow.

More About D&O Insurance:

D&O Scout
Your guide to D&O insurance

Munich Re’s new app gives you quick and easy information on decision-makers’ risks and insurance options. For iOS and Android smartphones and tablets.

To find out more simply use the link: www.munichre.com/DOScout