



**Worldwide  
Facilities®, LLC**



**AssuredPartners**

EMPLOYMENT PRACTICES  
DIRECTORS & OFFICERS  
FIDUCIARY  
CRIME

**Management  
Liability  
Coverage**

## **Covid- 19 Doesn't Impact My Management Liability coverage ... or Does IT?**

While the discussions of the insurability of the Covid-19 pandemic have been focused on business interruption coverages and the provisions provided under the civil law provision. While there is discussion and great debate/political rhetoric as to the validity of communicable disease or virus exclusions there are the downstream economic effects of that will continue to bubble up over time until it comes to a boil and burns the already distressed Management Liability market place.

### **Why do you need D&O coverage as a privately held business?**

From its beginnings in 1996 private company D&O expanded to have expansive protections for the entity and individual Directors and officers who can be held personally liable for their decisions not only form shareholders, investors or Partners. Other sources of D&O claims include:

- Customers, clients and consumer groups
- Other third party claims against Directors and Officers (including competitors)
- Regulators

## What does this have to do with Covid-19?

D&O covers the management decisions of company leadership and while there is no coverage for Covid-19 as a direct cause of the loss; the crippling financial issues surround lost revenues, liquidity issues, lack of access to capital due to constraints in the capital markets or access to credit due to the global economic crisis caused by this crisis will call leaders of large and small business in to question for what they did or did not do to prepare for potential risk affecting the value of the company, ability to service existing debt or honor contractual obligations. Other risks to private companies and the directors and officers include:

- Cost of defending corporate lawsuits may exceed the net worth of most private companies;
- Judgments can be financially crippling;
- Corporate indemnification may not be available;
- Adverse shareholders and other potential claimants may exist;
- Bad business decisions are likely to be more visible due to small business environment thus attracting the attention of shareholders, regulators and others;
- Business decisions made by D&O's can quickly impact the finances and operations of a company;
- D&O's work in demanding environments as they cover more corporate duties;
- Unique conflicts of interest may exist due to complexity of responsibilities; and
- Companies will have a difficult time attracting qualified individuals to their Boards without D&O coverage

**Have questions? Talk with a team leader!**

Best Regards,

BOB MCAULEY  
REGIONAL PRESIDENT



[Web Version](#)

[Forward](#)

[Unsubscribe](#)