

Directors & Officers (D&O) Liability 101: Protecting Leadership Decisions

The gist: If you're making big calls at the top of the org chart, D&O insurance is your safety net when those decisions get challenged.

What It Is

D&O protects the company and personal assets of directors, officers, and certain senior managers if they're sued for actual or alleged wrongful acts in managing the company. This includes lawsuits from shareholders, employees, regulators, or other stakeholders.

What It Covers

Coverage Type	What It Protects
Side A	Protects individual directors/officers when the company can't indemnify them
Side B	Reimburses the company for indemnifying directors/officers
Side C	Covers the company itself for securities-related claims

 **Pro tip:** Small/mid-size private companies need this too—it's not just a "public company" thing.

What's Changing

- **Regulatory pressure is rising** – SEC disclosure rules and ESG-related oversight create new exposure.
 - **Cyber is bleeding into D&O** – Boards may face knock-on claims after high-profile data security incidents or inadequate oversight.
 - **Shareholder activism** is pushing more investigations and derivative suits.
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Buying Tips

1. **Check the exclusions** – Especially for insured-vs-insured claims, prior acts, and cyber incidents. Also look at if you may have multiple policies overlapping in multiple countries.
 2. **Look at defense-cost terms** – Are they within limits or outside? Big difference in payout potential. And ensure your law firm and rates are pre-approved.
 3. **Ensure broad definition of insured persons** – Include past, present, and future directors, officers, and more often now, key managers.
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Bottom Line

D&O protects the company and keeps leadership's personal assets safe so they can make tough calls without risking their home, savings, or retirement.