

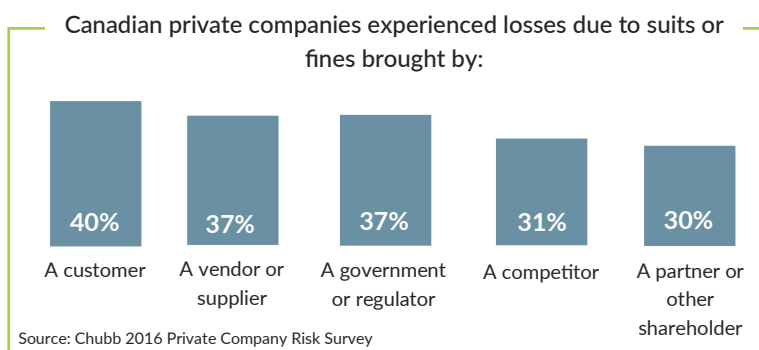
Directors and Officers of private companies can be held liable for their decisions made on behalf of the organization. Lawsuits can arise from various stakeholders including but not limited to: investors, employees, customers, lenders, and government agencies. Management Liability policies have been designed to provide broad coverage which protects the Ds and Os for claims resulting from managerial decisions that have adverse financial consequences. Policies typically include coverage which is segregated for Directors' & Officers' liability claims, Employment Practices liability claims, and Fiduciary liability claims. These coverages are defined as follows:

Directors' & Officers' Liability

Directors and Officers Liability coverage is intended to protect the personal assets of corporate Directors and Officers for actual or alleged wrongful acts in managing a company. This insurance, which can protect the company as well, typically provides coverage for legal fees, damages, settlements, defence costs and other costs as defined within each policy's wording.

Directors and Officers can be sued for various reasons including but not limited to:

- Mismanagement and breach of fiduciary duty causing financial harm to the organization
- Regulatory actions brought by Government Agencies
- Oppressive conduct towards minority shareholders or creditors
- Fraud



Claim Example: A software development company declared bankruptcy with over \$500,000 in outstanding tax amounts owing to various revenue agencies. As the organization was insolvent and the proceeds from the sale were insufficient to cover the claimed amounts, a director was held personally liable. After lengthy negotiations a settlement was reached.

Loss: A total of \$270,000 was incurred by the insurer which was comprised of \$240,000 in indemnity payment and \$30,000 in defense costs.

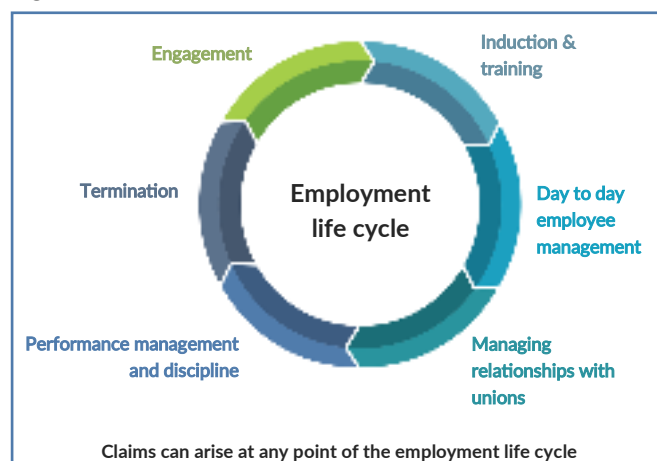
Employment Practices Liability

Employment Practices Liability provides coverage for wrongful acts arising from the employment process. The policy covers claims from a variety of other types of inappropriate workplace conduct, including (but not limited to):

- Wrongful Termination
- Harassment and Discrimination
- Failure to promote
- Deprivation of career opportunity

Claim Example: Several employees alleged that they were subjected to a hostile work environment by their employer due to their religion and national origin.

Loss: The matter was settled for \$700,000 two years after the complaint was filed.



Fiduciary Liability

Fiduciary Liability coverage protects the organization and individual fiduciaries against liability for managing and administering employee benefit plans, including health, welfare and pension plans. The policy provides coverage for a wide array of allegations including but not limited to:

- Wrongful denial of or improper change in benefits
- Improper enrollment or advice
- Fiduciaries engaging in a prohibited transaction and other conflicts of interest
- Imprudent selection of service providers
- and failure to monitor third-party service providers.

Claim *An employee died in an automobile collision. The primary beneficiary of his group life insurance claimed the benefit plan should have been five times the deceased husband's salary. The company denied the claim. She subsequently sued alleging that her husband had requested the benefit to be changed from two to five times his salary just weeks prior to his death.*

Example:

Loss: *Upon investigation the company learned that the employee had made this request but it had not been properly processed. They settled the claim for more than \$250,000 after spending over \$25,000 in defence costs.*

Why partner with Iridium, a Navacord Broker Partner

Navacord is one of the top five commercial brokers in Canada offering clients a holistic solution that addresses their business, personal and employee needs. Navacord has partnered with several leading Canadian insurers to craft coverage that offers the broadest protection for Private Company Directors and Officers and their Organizations. Our clients' policies include key coverage grants that specifically address the following:

- ✓ Defense Costs in addition to the Limit of Liability
- ✓ Runoff Coverage in the event the company is sold
- ✓ Non-Cancellable policies, other than for non-payment of premium
- ✓ Coverage for Employed Lawyers within the Organization
- ✓ Workplace Violence Expense Coverage
- ✓ Coverage for Wage and Hour Claims in Canada
- ✓ Employment Practices Liability includes coverage for wrongful termination and harassment allegations
- ✓ Employment Practice Hotline for advice on employment matters (not available from all Insurers)
- ✓ Multi-Year policies available if requested

Your Team



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