

Important Reasons For Management and Professional Liability Coverage

Directors and Officers Insurance

Competition is tough and companies have to constantly examine expenses including their business insurance. Some companies may even consider going without coverage to save some money. However, going without these important insurance coverages can cost you more than you think. Here's why:

1. Private companies are at risk...not just publicly traded companies.

Many private companies think that D&O exposure is only related to companies with publicly traded stock. Shareholders are not the only potential plaintiffs. A private company can also be sued by employees, investors, customers, competitors, vendors, suppliers, and/or creditors.

2. Directors and officers can be held personally liable for their decisions.

The leaders of any organization, even private companies, can face personal liability for the decisions they make. They can be sued based on their actions while running the company, or they can be named in a lawsuit simply because they are directors and officers.

3. In the absence of D&O insurance, the Directors and Officers may have to pay for their defense out of their own personal assets.

A D&O policy from CNA will insure directors and officers for non-indemnified loss. In the absence of such coverage, if the company is unable to pay the defense costs associated with a D&O claim, the directors and officers may have to pay with their own funds, jeopardizing their net worth, just to prove their innocence.

4. CNA's "duty to defend" Epack policy allows you to focus on your business rather than on costly and time consuming litigation.

Most companies are not in the business of defending, settling, and litigating D&O claims, but CNA is. Defending a D&O claim is costly both in time and money. For your business, time is money. Let CNA's expert claim staff do what they do best, which allows you to focus on what you do best...running your business.

5. D&O Insurance helps protect your investment in your company.

If you are the owner of a private company, you have worked very hard to build something that provides you with personal satisfaction, success, and most importantly financial security for your family's future. Tillinghast-Towers Perrin reported that the cost of defending D&O litigation can range from \$100,000 to \$2,000,000. Can your business and your future afford that expense?

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