



AIG Statement SeriesSM

Directors & Officers and Directors & Officers Side A Insuring Clause Enhancements

Claims Which Do Not Allege Wrongful Acts

Directors and officers (D&O) insurance provides coverage for the liability of corporate executives for their acts in their roles as corporate executives, including the defense of claims alleging that liability. However, sometimes claims against corporate executives are made without any allegation of wrongdoing. This is common for investigations, inquiries, and compensation clawback claims. Accordingly, if the insuring clause of a D&O liability policy includes a wrongful act condition, any claim that does not explicitly allege a wrongful act may be left uncovered.

AIG Statement Directors & Officers and Directors & Officers Side A coverage provides a solution by removing the wrongful act requirement from those claim types that routinely lack wrongful act allegations: investigations, inquiries, extradition requests, and compensation clawback claims.

Example: A federal agency notifies a corporate executive that the agency is investigating her. Although her company has recently made several unexpected negative disclosures, the agency's notice includes no allegations of wrongdoing. If the insuring clause of the executive's D&O policy includes a wrongful act requirement, she may not receive coverage for the investigation. However, as Statement Directors & Officers and Directors & Officers Side A policies do not require an investigation claim to allege a wrongful act, she does.

Claims Based on Acts of Other Persons

Occasionally, claims are made against a person for acts of other persons. Many D&O policies provide coverage only for claims arising from an act of the claim's defendant, including wording such as, "The policy shall pay the loss of an insured that arises from any claim made *against such insured* for any wrongful act *of such insured*." With this language, a claim against one person arising from the acts of another person may not be covered.

Statement Directors & Officers and Directors & Officers Side A policies avoids this gap by providing coverage for any claim against an insured alleging a wrongful act of the defendant insured or any other insured.

Example: A corporate executive receives a demand from the company's investors. However, the wrongdoing alleged in the demand was done by other officers of the company. If the insuring clause of the executive's D&O policy includes a coverage requirement that a claim must arise from the acts of the claim's defendant, the executive may not receive coverage. As Statement Directors & Officers and Directors & Officers Side A policies insure claims made against an insured for acts of other insureds, the executive is covered.

Contact

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The scenarios described herein are offered only as examples. Coverage depends on the actual facts of each case and the terms, conditions and exclusions of each individual policy. Anyone interested in the above product(s) should request a copy of the standard form of policy for a description of the scope and limitations of coverage.

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