

Directors' & Officers' Liability Insurance

Piercing the Corporate Veil:

For business owners, the power of incorporating lies in your ability to separate personal assets from the corporation's assets. If the business fails, the shareholders' financial exposure is limited to the amount of money they invested in the corporation. However, the law recognizes several circumstances in which directors, officers and shareholders must shoulder some personal responsibility. The legal term for this is: "piercing the corporate veil".

What is Covered?

1. Any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty by an officer, director, trustee or employee of the company;
2. Any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty by the insured company;
3. Employment Practices Liability claims including:
 - Wrongful dismissal or termination of employment;
 - Employment discrimination of any kind including violation of any federal, provincial, territorial or local law;
 - Harassment in the workplace; and
 - Failure to promote, demotion, wrongful discipline or refusal to hire.
4. Outside Directorship Liability: coverage for your directors and officers who hold an equivalent executive position in an outside entity with the knowledge of the insured company.

Who is Covered?

1. All past, present and future elected or appointed directors, officers, trustees and employees of the insured entity;
2. The insured entity and its subsidiaries when the insured entity owns more than 50% of the subsidiary;
3. The estate, heirs and lawful spouse or legal representatives of a deceased, incompetent or bankrupt director or officer.

Why are Directors and Officers at Risk?

Directors of corporations face a myriad of legal duties and potential liabilities imposed by statutes and common law. In Canada there are over 100 provincial and federal statutes under which directors and officers could be held personally liable.

Protection against Employment Related Lawsuits/Claims:

Employment Practices Liability ("EPL") is protection against errors and omissions in the management and administration of human resources. EPL is designed to respond to employment exposures.

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