



## “The Answer”

### Corporate Directors & Officers Liability and Employment Practices Liability Product *Claim Examples*

- ▶ **By Employees:** Two weeks after being hired away from a competitor, a new employee was fired by the Company President who decided he had made a mistake in hiring this individual. The employee filed suit alleging the President had made statements misrepresenting the position. It took the jury less than 3 hours to find in favor of the employee and award \$300,000. Importantly, the jury also found the company president personally liable for his own acts whether or not committed when acting for the corporation. The defense counsel noted "Given the ruling in this case, it will be difficult to find anyone to serve as a corporate officer in Connecticut in the absence of extraordinary guarantees of indemnity and insurance coverage".
- ▶ **By Shareholders:** The CEO and founder of a closely held corporation gave bonuses annually to each of two senior managers in the form of stock shares. The individuals each accumulated 10% in holdings prior to the death of the CEO. The former CEO's interests in the firm were inherited by his spouse who assumed the position of CEO at the death of her husband. Relationships deteriorated and the two managers resigned. The firm lost a major customer and suffered reversals. Suits were filed by the two shareholders for mismanagement which resulted in the devaluation of their stock.
- ▶ **By Lenders:** The respected president of a locally prominent private company began "borrowing" money from the firm to cover personal losses. The President was successful in covering up the transactions for almost a year until the firm was finally forced to declare bankruptcy. A bank which had just renewed a large outstanding note sued the individual directors alleging breach of duty of care and misrepresentation of financial information.



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