



▶ *Hanover Private Company Advantage*

**Real Example—Could this happen to you?**

A manufacturer of parts is sued by a competitor alleging interference with a “non-compete” employment contract. The manufacturer courted and hired a former employee of the competitor, violating the employee’s non-compete agreement. Interference with business relationships and release of trade secrets as a result of the hiring was also alleged. Although the plaintiff did not prevail, the manufacturer incurred \$125,000 in legal fees alone.

## Directors and Officers Liability Coverage

In today’s litigious environment, the people you trust to manage and direct your business are more susceptible to executive liability lawsuits than ever before.

As leaders of companies, your directors and officers are held personally liable for their management decisions. Personal assets are at risk at any time with every decision they make. In addition, one of these suits could bring on a financial nightmare for your company and destroy all that you have built.

### Lawsuits against you and your management team can come from many places:

- Competitors who feel your company has unfairly wronged them
- Customers who are dissatisfied with your products or services
- Suppliers who claim unfair business practices
- Shareholders who think your business decisions jeopardize their investments
- Government agencies always vigilant for regulation compliance

Suits can allege all kinds of misconduct resulting in a damaging lawsuit that, even if frivolous or dismissed, can wreak financial disaster on your business, its leadership and employees.

Hanover Directors and Officers Liability Insurance is the answer. Directors and Officers Liability Insurance from The Hanover offers comprehensive protection for your key management personnel and their actions.

*continued* ▶

## Allegations may include:

- Mismanagement of the company and its assets
- Conflicts of interest
- Overstating or misrepresenting financial value
- Violations or authorities granted by the company and its by-laws
- Allegations of unfair competition from a competitor
- Failed initial public offering
- Not acting in good faith or conduct beneficial to the company and its success
- Violations of federal or state securities laws
- Failure to disclose or provide misleading information

## Coverage highlights:

- Entity coverage included (additional protection should the company be named in a lawsuit)
- Additional limit in excess of the policy limit dedicated for executives for non-indemnified claims
- A broad definition of insured persons including past, present, or future executives and employees, legal representative or assigns, in the event of incompetence, insolvency, or bankruptcy, estates and heirs of deceased individuals and the spouses with respect to ownership interests in an individual's property
- Securities private placement coverage
- Additional sub-limit for the investigative cost associated with a securities derivative demand

- Coverage for the failure to undertake or complete an IPO or sale of securities
- No retention for individuals if the entity should become financially impaired
- Automatic 501(c)3 Outside Director coverage



## Take Action Today.

**Guarantee your directors and officers the Advantage security offered by Hanover's Directors and Officers Liability Insurance coverage, which is specifically designed to help protect the personal assets of a privately owned company's directors and officers, as well as the financial well-being of the company itself.**

**You owe it to your business and everyone who depends on your business to protect yourself and key personnel from liability threats. Your Hanover Agent, working in tandem with The Hanover, is ready to help you take advantage of this important coverage and craft a plan that makes the most sense for your unique situation. Contact your local Hanover agent today.**

## Why The Hanover?

The Hanover is a leading property and casualty insurance company dedicated to achieving world-class performance. Our commitment is to deliver the products, services, and technology offered by the best national companies with the responsiveness, market focus, and local decision making of the best regional companies. This powerful combination has been a proven success since our founding in 1852, and all insurance company subsidiaries are rated "A" (Excellent) by A. M. Best Company.



The Hanover Insurance Company  
440 Lincoln Street, Worcester, MA 01653

hanover.com

All products are underwritten by The Hanover Insurance Company or one of its insurance company subsidiaries or affiliates ("The Hanover"). Coverage may not be available in all jurisdictions and is subject to the company underwriting guidelines and the issued policy. This material is provided for informational purposes only and does not provide any coverage. For more information about The Hanover visit our website at [www.hanover.com](http://www.hanover.com)

©2013 The Hanover Insurance Group, Inc. All Rights Reserved.