



AmTrust North America
An AmTrust Financial Company

Safety Zone

Director & Officer Wrongful Acts

Of the vast array of exposures to loss that an insured confronts, there is an important one whose significance is often not fully recognized or appreciated - D&O Wrongful Acts. As with other exposures, controls leading toward management of this risk can be created and implemented. Sophisticated control activities are in the best interest of service to your clients, which is the ultimate goal of your agency.

The following is a list of activities that can lead to a D&O Wrongful Acts exposure:

Financial

- Poor or unauthorized loans or investments.
- Failure to obtain competitive bids on significant purchases.
- Misleading statements of financial condition of the organization.
- Use of deceptive practices to solicit contributions.
- Use of charitable contributions for other than the stated purpose.
- Excessive benefits given to directors or officers.
- Unreasonable accumulation of funds over and above those needed for capital expansion or reserves.
- Co-mingling of funds with those of an individual or another organization.
- Negligence in handling funds, controlling tax liabilities or maintaining financial records.
- Conflict of interest.

Operational

- Acting with undue authority.
- Failure to regularly attend board meetings.
- Irresponsible administration or management.
- Libel, slander or defamation of character.
- Invasion of privacy.
- Plagiarism.
- Unfair hiring and termination procedures.
- Unacceptable treatment of volunteers, staff or beneficiaries.
- Misleading or false statements on solicitation materials.
- Violation of governmental law or regulations.
- Failure to conduct services according to volunteer standards which call for accreditation.

For additional information and resources on this topic and other safety and risk management subjects be sure to visit the Loss Control section on our website:

<https://www.amtrustgroup.com/small-business-insurance/claims/prevention>

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