



Lowenstein Sandler's In the Know Series Video 21 – D&O Insurance Myths (Part 2)

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Eric Jesse:

Hi, I'm Eric Jesse from Lowenstein Sandler's [Insurance Recovery Group](#), and welcome to "[In the Know](#)."

Last month we discussed the importance of Directors and Officers (D&O) insurance and set the record straight on some common misconceptions about it. Today, we'll refute a few more D&O insurance myths. So, let's jump in.

One myth is that D&O insurers and policies are all the same, so you can just choose the lowest premium. Not all D&O insurers are created equal. Some insurers have a reputation for being difficult and putting their financial interests ahead of their insureds when a claim comes. Other insurers can be more commercial. So, it is important to choose wisely and to not be "penny wise and pound foolish" when making a selection.

D&O insurers also all have their own policy forms with different terms and conditions. Even a single D&O insurer is going to have multiple different forms and endorsements. These can be complex policies, and the words matter. So, it's important to understand the specific terms and conditions, which leads us to our next myth.

Second is that D&O policies are not negotiable—not so. The adage that "you don't get what you don't ask for" is true when it comes to obtaining D&O insurance. Often, you can get enhanced terms and conditions just by asking the insurer. But you need to know what to ask for—that is where coverage counsel can help. We read the policy forms cover to cover and can put together the wish list of things your broker should be pressing for with the insurer.

Third, another myth is that potential claims or actual claims—like a demand letter, a threat of litigation, or a lawsuit—don't need to be reported to the Insurer. One of our mantras on "[In the Know](#)" is: notice, notice, notice.

Because a D&O policy is a claims-made-and-reported policy, it is critical to promptly report claims during the policy period when the claim is made. Otherwise, the insurer may have a late-notice coverage defense for a claim that is otherwise covered.

Even if you don't think the claim will amount to much—or you're concerned about a premium increase—we still generally recommend reporting the claim because if you are wrong and the claim is greater than expected, you will need that insurance. And if you are right, and the claim doesn't amount to much, that shouldn't materially affect future premiums.

Thank you for joining us. We look forward to seeing you next time on "[In the Know](#)."