

## DIRECTORS AND OFFICERS (D&O) INSURANCE IN THE UK

*Reviewed by Matthew Bartlett, Director · Last reviewed 2026-06-23*

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Directors and officers (D&O) insurance protects individual directors and officers from personal liability arising from their decisions and actions in those roles. It is structurally different from professional indemnity, which covers the firm's professional services to clients. Many professional services firms carry both. This entry explains the UK D&O position in 2026.

### WHAT D&O COVERS

The standard D&O wording responds to claims against directors and officers for "wrongful acts" — typically defined broadly to include actual or alleged breach of duty, breach of trust, negligent management, misstatement, error or omission in their capacity as directors. Claim categories:

- **Shareholder claims** — derivative or direct claims by shareholders alleging mismanagement
- **Regulatory investigations** — FCA, ICO, HSE, CMA, HMRC, Companies House — defence costs and any compensation orders
- **Employment claims** — discrimination, unfair dismissal claims naming individual directors (separate from employer's PL/EL)
- **Creditor and insolvency claims** — wrongful trading allegations under Insolvency Act 1986, claims by liquidators
- **Public-body claims** — health and safety prosecutions, environmental claims

### THE SIDE A / B / C STRUCTURE

D&O policies are usually written in three "sides":

- **Side A** — pays the director directly when the company cannot or will not indemnify (e.g. insolvency, prohibition on indemnification under company law)
- **Side B** — reimburses the company when it indemnifies a director under the company's indemnification arrangement
- **Side C** — covers the company itself for securities claims (most relevant for listed companies; less common for private SMEs)

For a private company, Side A and Side B are essential. Side C is usually omitted unless the company has securities exposure. Side A standalone policies provide additional protection for directors when company-level cover is exhausted.

### WHAT D&O DOES NOT COVER

- Dishonesty, fraud, or criminal acts of the insured (defence costs may be covered until guilt is established)
- Bodily injury or property damage (those are PL territory)

- Professional services to clients (that's PI)
- Liabilities one director owes to another
- Penalties or fines that are uninsurable as a matter of public policy
- Pollution claims (usually carved out)
- US exposure unless specifically extended

#### HOW D&O DIFFERS FROM PI

Aspect	D&O	PI
Who is insured	Individual directors and officers	The firm and its professional staff
What is covered	Wrongful acts in directorial capacity	Negligent professional services
Trigger	Claim against director personally	Claim against firm for professional services
Typical claimants	Shareholders, regulators, creditors	Clients, third parties relying on advice
Limit basis	Aggregate	Aggregate or each-and-every

#### WHO NEEDS IT

- Limited companies with external shareholders
- Companies receiving venture or PE investment (almost always required by the investment agreement)
- Companies in regulated industries (FCA-authorized firms, in particular)
- Charities and not-for-profit trustees (separate trustee indemnity is often a sub-set)
- Any company that wants to recruit and retain non-executive directors (NEDs almost universally expect D&O cover)
- Companies preparing for sale, IPO, or major restructuring (additional risk period)

#### TYPICAL SUMS INSURED AND PREMIUM

For a UK SME (turnover up to £10m, no external investors, no regulated activities):

- £1m – £3m typical limit
- £500 – £2,000 annual premium

For an FCA-authorized firm or PE-backed business:

- £2m – £10m typical limit

- £2,000 – £8,000 annual premium

For listed companies or those with material public exposure:

- £10m+ limit, often with multiple Side A excess layers
- £10,000 – £100,000+ premium depending on complexity

#### THE HARD MARKET FOR D&O

UK D&O hardened sharply in 2020–22 with increased capacity withdrawal, premium increases, and tighter wordings (particularly for FCA-authorized firms and any company with potential insolvency exposure). The 2024–25 market stabilised. 2026 is competitive again for clean SME risks but firmer for FCA-authorized firms, PE-backed businesses with prior claims, and listed companies.

#### COMMON POLICY EXTENSIONS WORTH CONSIDERING

- **Side A "Difference in conditions" (DIC).** Adds protection where the underlying D&O fails to respond (insurer insolvency, exclusion application).
- **Outside Directorship Liability (ODL).** Cover for an insured person serving as director on another company at the insured company's request (charity boards, JV companies, etc.).
- **HMRC investigation extension.** Specifically for tax-related investigation costs.
- **Pension trustees extension.** Cover for trustees of the company's pension scheme.

#### ABOUT APEX INSURANCE BROKERS

Apex Insurance Brokers Limited arranges D&O insurance for UK SMEs and professional services firms alongside PI cover. FCA firm reference number 724952. We coordinate D&O and PI placements where the same insurer can write both, or where separate placements need to dovetail.

