



## Directors & Officers Liability

### Liquidation

The director of an insured company applied funds received, to himself personally when it was subsequently determined that the funds should have been applied to the company. There was good reason that he believed that he was acting correctly. The company subsequently went into liquidation. A claim was brought against the director under the Companies Act Section 301 which gives the court, in the course of liquidation of a company, the power to require persons to repay money or return property.

The insured's D&O policy unsuccessfully defended the claim and judgement was found against the director in the sum of \$69,000.

If the court had found that the director was "deliberately dishonest" then there would be no indemnity.

