



Directors & Officers Liability

Non-executive Directors

The principal shareholder and director of a small retail company died and the shareholding was left to his widow. The widow's son took over the management of the company whilst the widow continued to be the sole shareholder and director of the company but with no active day to day involvement.

The company became insolvent and went into liquidation. A substantial supplier brought an action against the widow, as the sole director, for the amount owed of \$165,000.

The Court found that it was no defence that the widow did not know about the company's affairs and made her personally liable for the debts. The claim was indemnified by the company's D&O insurance.