

Director and Officer Litigation on the rise, correlating closely with the economic downturn.

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The recession and the resulting market turmoil has seen many businesses go bankrupt, with many more ceasing trade and entering liquidation. Some analysts will blame the economy, others would argue that the company didn't innovate enough to save themselves; in the latter instance the individuals that receive the blame are company officers and directors.

As a direct result of the recession, a trend of increasing litigation has taken place against these Officers and Directors for their performance (or lack of) during the economic downturn. For many, this has come as an unwelcome surprise. Research conducted by BusinessInsurance.com has shown that a small number of high profile litigation cases have led to a wave of similar such legal actions against small and medium sized businesses alike in the United States and there is speculation that the same may happen here in the UK.

"The issue here, is that larger organisations better understand the scope of their exposure and are often covered with Directors and Officers insurance policies; smaller businesses on the other hand, rarely consider exposure beyond their shareholders and often don't have any cover at all, this can cost them dearly" Says aba Group's Managing Director, Graham Webster.

aba Group is a Bolton based business insurance provider; covering a range of business insurance products, including business liability and contractor cover as well as risk management. They see this trend as an opportunity for both new business and educating business people at large:

"Where smaller businesses have previously cut insurance policies to save on costs, they have effectively opened themselves up to even greater financial damage. They need to realise that in turbulent times they need to protect themselves from as much risk as possible, not jettison their defences to save on costs; we look forward to educating these people and giving them the coverage that they really need" Mr Webster says.

Lately the wave of lawsuits filed against these mid-sized firms, have come from a number of entities including employees, competitors, vendors and regulators; which just goes to show how much scope there is for legal repercussions beyond the usual shareholders.

"Where Officers and Directors only had their careers to worry about, they are now finding that the consequences of their business actions can now have a much more profound impact on them personally if they are not covered, often leaving their personal assets at risk." Graham Webster adds.

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About aba Group:

aba Group has been operating in Bolton for years, headed by Managing Director Graham Webster and fellow Director Lynne Eckersley, they have 70 years' experience in the industry between them. Their specialist insurance coverage spans directors, officers, contractors, engineers, landlords and a whole host of other professional roles and activities; which has seen them become the go-to business insurance brokers locally.

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