

The effect of D&O insurance on managerial risk taking

Citation for published version (APA):

Gaber, M. (2015). *The effect of D&O insurance on managerial risk taking*. Intersentia.
<https://doi.org/10.26481/dis.20150923mg>

Document status and date:

Published: 01/01/2015

DOI:

[10.26481/dis.20150923mg](https://doi.org/10.26481/dis.20150923mg)

Document Version:

Publisher's PDF, also known as Version of record

Please check the document version of this publication:

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Propositions

1. The current D&O insurance practise mainly offers insurance for corporations and rather insures corporations against the risk to indemnify than managers against their liability risk.

2. Weighing off, D&O insurance has a slightly positive impact on society.

3. Requiring a limited publication of D&O insurance details would benefit market participants and other stakeholders involved.

4. Smaller corporations that do not carry D&O insurance would greatly benefit from it.

5. The thesis illustrated the benefits of indemnification. EU Member States should utilise the tool of indemnification to attract start-ups.

6. As a response to the crises, many states think about criminalizing acts of managers. A state has to decide whether the benefits of these sanctions (deterrence of managers of SME's and large one-shot frauds) legitimize the costs (scaring off the much wanted young entrepreneurs).

7. D&O insurance cannot protect against one of the greatest threats of managerial liability: the harm to the manager's reputation. If anyone could design a product that protects against harm on reputation, it would sell exquisitely among managers.

8. The reason why Warren Buffet opposes D&O insurance may be that insurers can hardly insure A-type personalities like him.