CHAPTER 1. DIRECTOR AND OFFICER LIABILITY: THE NEED FOR INDEMNIFICATION

§ 1:1	Introduction
§ 1:2	The duties of care, loyalty and good faith
	generally
§ 1:3	The business judgment rule
§ 1:4	Duty of care examined
§ 1:5	—Ownership decisions
§ 1:6	—Enterprise decisions
§ 1:7	—Duty of oversight
§ 1:8	—Interpretation and application of rule
§ 1:9	The duty of loyalty examined
§ 1:10	—Loyalty to stockholder interests
§ 1:11	—The duty of independence
§ 1:12	—The duty of candor
§ 1:13	—The corporate opportunity doctrine
§ 1:14	Statutory expressions of fiduciary duty
§ 1:15	—2016 Model Business Corporation Act
§ 1:16	—California's code
§ 1:17	—New York's code
§ 1:18	—Pennsylvania: Alternative fiduciary standards
§ 1:19	—Delaware: Reliance on the judiciary
§ 1:20	State statutes limiting liability
§ 1:21	—Delaware and other "charter option" statutes
§ 1:22	— Model Act charter option provision
§ 1:23	—Other state approaches
§ 1:24	—Virginia: A special case
§ 1:25	Liabilities of officers and directors compared;
	Quasi-directors
§ 1:26	—Officers—Defining "officer"
§ 1:27	— —Standards of liability
§ 1:28	—Impact of the sentencing guidelines
§ 1:29	—Varying liability of directors
§ 1:30	— —Inside directors
§ 1:31	——Audit and other committee members
§ 1:32	— — —Function of audit committees
§ 1:33	— — Regulation of audit committees by the
-	SEC

§ 1:34	— — Regulation of audit committees by the
	major stock markets
§ 1:35	———Liabilities of audit committee members
§ 1:36	——Representative directors
§ 1:37	— —Outside directors
§ 1:38	—Outside directors—Application of group-
	pleading doctrine
§ 1:39	—Varying liability of directors—Honorary,
	advisory and emeritus directors
§ 1:40	———Fiduciary duties
§ 1:41	———Special considerations affecting advisory
	directors of financial institutions
§ 1:42	— — —Treatment of adjunct directors under
	federal securities laws
§ 1:43	Fiduciary duties to other constituencies
§ 1:44	—Fiduciary duties owed to corporate creditors
§ 1:45	—Fiduciary duties owed to limited partners

CHAPTER 2. LEGAL ACTIONS AGAINST OFFICERS AND DIRECTORS: ENFORCEMENT OF THE DUTY OF CARE AND OTHER SOURCES OF LIABILITY CLAIMS

§ 2:1	Introduction
§ 2:2	Actions by the corporation: Duty of care
§ 2:3	Duty of loyalty actions
§ 2:4	Derivative actions
§ 2:5	—Preconditions for bringing a derivative action
§ 2:6	——A corporate right
§ 2:7	———Caselaw illustrations
§ 2:8	——Failure to enforce: The need for demand
§ 2:9	—Failure to enforce: The need for demand— Caselaw discussion
§ 2:10	—Failure to enforce: the need for demand— Demand denied
§ 2:11	—Preconditions for bringing a derivative action— Demand excused cases
§ 2:12	———The Delaware approach
§ 2:13	————Cases finding failure to establish demand futility
§ 2:14	—————Cases finding establishment of demand futility
§ 2:15	———Approach of the Ninth and First circuits
§ 2:16	———The New York approach

———The New Jersey approach
——Shareholder standing
— — —Continuing wrong doctrine
— — — Application of requirement
—Special litigation committees
— —Investigations
— —Committee report
—Proposed reform of shareholder derivative
litigation
Shareholder class actions
—Theory and prerequisites of a class action
—Relationship of derivative and class claims
—Class actions for securities fraud
Pleading wrongful demand refusal
—Cases finding insufficient pleading
Pleading breach of duty
—Cases finding sufficient pleading
—Cases finding insufficient pleading

CHAPTER 3. POSSIBLE LIABILITIES OF OFFICERS AND DIRECTORS UNDER FEDERAL AND STATE STATUTES

§ 3:1	Statutory liabilities generally
§ 3:2	Liability under state and federal antitrust and
	trade regulation laws
§ 3:3	—The Sherman Act
§ 3:4	—The Clayton Act
§ 3:5	—The Robinson-Patman Act
§ 3:6	—The Federal Trade Commission Act
§ 3:7	—State antitrust laws
§ 3:8	Liability with respect to employment-related
	claims—Introduction
§ 3:9	—Individual liability under wage and hour laws—Fair Labor Standards Act
§ 3:10	——State compensation laws
§ 3:11	—Individual liability under discrimination
	laws—Title VII, the Age Discrimination in
	Employment Act, and the Americans With
	Disabilities Act
§ 3:12	— —Equal Pay Act
§ 3:13	— — Equal protection claims (42 U.S.C.A.
	§ 1981)
§ 3:14	——State anti-discrimination laws
§ 3:15	—Individual liability under the Family and Medical Leave Act

§ 3:16	—Individual liability for employee benefits claim—Employee Retirement Income Security Act
§ 3:17	— — —Caselaw interpretations
§ 3:18	——————————————————————————————————————
§ 3:19	— — Continuation health insurance coverage
§ 3:10	—Individual liability for employment-related
Ş 5.20	common law claims
§ 3:21	—Insurance for employment-based claims— Directors and officers liability insurance
§ 3:22	——Employment practices liability insurance
§ 3:23	Liability of officers and directors under federal and state tax laws
§ 3:24	Liability of officers and directors under environmental protection laws
§ 3:25	—Federal environmental statutes
§ 3:26	—State environmental statutes
§ 3:27	—Bases for director and officer liability
§ 3:28	—Liabilities under CERCLA
§ 3:29	——Statutory basis of CERCLA civil liability
§ 3:30	— —Judicial interpretations of civil liability
0.0.01	under CERCLA
§ 3:31	— — —Standard I—Personal participation in the wrongful acts
§ 3:32	———Standard II—The "capacity to control"
§ 3:33	— — Criminal liability under CERCLA
§ 3:34	—Liabilities under RCRA
§ 3:35	——Statutory bases of civil liability under
	RCRA
§ 3:36	 — Judicial interpretations of civil liability under RCRA
§ 3:37	——Criminal liability under RCRA
§ 3:38	—Availability of insurance and indemnification
§ 3:39	——Limitations on insurance coverage
§ 3:40	——State liability limiting statutes
§ 3:41	— —Availability of indemnification
§ 3:42	Liability of officers and directors under
	occupational safety and health laws
§ 3:43	Liability of officers and directors under Food Drug and Cosmetic Act
§ 3:44	—Criminal liability
§ 3:45	Securities law liabilities generally
§ 3:46	—Liability provisions of the Securities Act of 1933—Section 11 liability and the diligence defense

§ 3:47	———Liabilities of officers and directors under Sections 12 and 17 of the 1933 Act
6 9.40	
§ 3:48	— — — Liability of controlling persons
§ 3:49	———Enforcement and criminal references
§ 3:50	—Private rights of action under state securities'
	law
§ 3:51	—Liability of directors and officers under the
	Securities Exchange Act of 1934 generally
$\S 3:52$	——Liability under Section 10(b) and Rule
	10b-5 of the 1934 Act
§ 3:53	———Conduct prohibited by Section 10(b) and
	Rule 10b-5
$\S 3:54$	— — Private rights of action
§ 3:55	— — — Abuse of informational advantages—
	Insider trading
§ 3:56	————Disclosure issues
§ 3:57	———Recent SEC rulemaking: Regulation FD
	and Rules 10b5-1 and 10b5-2
§ 3:58	— — —Manipulation and deception in other
	contexts
§ 3:59	———Secondary liability for violations of
	Section 10(b) and Rule 10b-5
§ 3:60	——Section 14 of the 1934 Act: Proxy
	solicitations and tender offers
§ 3:61	———Regulation of proxy solicitation
§ 3:62	 — Regulation of proxy solicitation—Demand
	futility in Section 14 proxy solicitation actions
§ 3:63	——Section 14 of the 1934 Act: Proxy
	solicitations and tender offers—Regulation of
	mergers and tender offers; Regulation M-A
§ 3:64	———Preemption of state antitakeover
	statutes
§ 3:65	——Section 16 and short-swing profit liability
§ 3:66	— Other liability provisions of the 1934 Act
§ 3:67	 —Liability of controlling persons
§ 3:68	———Sufficient pleading
§ 3:69	—The Private Securities Litigation Reform Act
	of 1995
§ 3:70	— —Pleading reform
§ 3:71	— — — Application of pleading requirement
§ 3:72	— — — — Scienter
§ 3:73	——Safe harbor for predictive statements
§ 3:74	———The bespeaks caution doctrine
§ 3:75	— — Application of safe harbor
§ 3:76	——Control of litigation by plaintiffs
§ 3:77	——Proportionate liability
3 0	2 Topot violitavo Hability

§ 3:78	— — Uniform standards legislation
§ 3:79	Enforcement options of the securities and exchange commission
§ 3:80	—The Securities Enforcement Remedies and Penny Stock Reform Act of 1990
§ 3:81	—Administrative powers
§ 3:82	—Civil money penalties
§ 3:83	— — Double jeopardy considerations
§ 3:84	—Accounting and disgorgement
§ 3:85	—Prohibition of persons serving as officers and directors
§ 3:86	RICO liability for corporate officers and directors
§ 3:87	Special liability considerations for financial institutions—Dual sources of liability
§ 3:88	—The regulatory structure
§ 3:89	—Legislation
§ 3:90	— —FIRREA
§ 3:91	——Crime Control Act
§ 3:92	——FDICIA
§ 3:93	—Sources of statutory civil liability
§ 3:94	——Section 93 of the National Bank Act
§ 3:95	 — General liability provisions of the Federal Reserve Act
§ 3:96	——Regulatory agency orders
§ 3:97	——Loans to one borrower
§ 3:98	— —Violation of capital requirements—"Prompt corrective action"
§ 3:99	— — Violation of tripwire provisions
§ 3:100	——Director's oath
§ 3:101	 —Suspension for crimes involving dishonesty or breach of trust
§ 3:102	——Loans to insiders
§ 3:103	 — Other transactions with insiders and affiliates
§ 3:104	——Tying arrangements
§ 3:105	——Correspondent accounts
§ 3:106	——Periodic reporting requirements
§ 3:107	 — Annual management and accountant's report
§ 3:108	——Special requirements
§ 3:109	———Changes of control
§ 3:110	———Loans secured by institution stock
§ 3:111	— — —Insider loans
§ 3:112	———Transactions with correspondent banks
§ 3:113	— — — Monetary transactions

§ 3:114	— — — Crimes
§ 3:115	— —General requirements of safety and
	soundness
§ 3:116	— —Fair lending violations
§ 3:117	—Sources of criminal liability
§ 3:118	— —General banking crimes—Theft of bank funds
§ 3:119	— — Bank fraud
§ 3:120	———Gifts or commissions for procuring loans
§ 3:121	——False statement crimes related to
5	banking—False certification of checks
§ 3:122	———False bank entries, reports, and
_	transactions
§ 3:123	———False reporting to obtain profit
§ 3:124	———False statements to influence FDIC
§ 3:125	———False loan applications
§ 3:126	— — False advertising concerning status of federal insurance
§ 3:127	
8 9:121	— —General federal criminal liability—Bribery of public officials
§ 3:128	———False statements or entries generally
§ 3:129	———Obstruction of criminal investigations
§ 3:130	— — — Obstruction of examinations
§ 3:131	———Concealment of assets from conservators
	and receivers
§ 3:132	— — —Ancillary liability
§ 3:133	— — —Continuing financial crime enterprises
§ 3:134	— —Other criminal liability
§ 3:135	—Remedies for statutory violations
§ 3:136	——Cease and desist orders
§ 3:137	——Removal or suspension
§ 3:138	——Civil money penalties
§ 3:139	— — Civil money penalties for violations of criminal laws (12 U.S.C.A. § 1833a)
§ 3:140	——Private rights of action
§ 3:141	Troubled depository institutions
§ 3:142	Liability for violations of the laws protecting
5 0.112	intellectual property—Liability of directors and officers under the patent laws
§ 3:143	—Liability of directors and officers under the
	copyright law
§ 3:144	—Liability of officers and directors under the federal trademark laws
§ 3:145	Liability of officers and directors under state trade secret laws

§ 3:146 The Sarbanes-Oxley Act of 2002
 § 3:147 —Financial reporting
 § 3:148 —Director liability under anti-retaliation provision
 § 3:149 New York Stock Exchange Listed Company Manual
 § 3:150 Forms—NYSE Domestic Company Section 303A Annual Written Affirmation

CHAPTER 4. INDEMNIFICATION OF CORPORATE OFFICIALS: DEFINITION AND DEVELOPMENT

- § 4:1 Indemnification defined
- § 4:2 Indemnification distinguished from insurance
- § 4:3 Uses of indemnification
- § 4:4 Indemnification of corporate officials
- § 4:5 —Public policy
- § 4:6 —Common law roots of indemnification of corporate officials—Agency law
- § 4:7 — Application
- § 4:8 ——Trust law
- § 4:9 Events leading to codification
- § 4:10 —New York Dock Co., Inc. v. McCollom
- § 4:11 —Reaction No. 1: The compensation theory
- $\S 4:12$ ——The first statutes
- § 4:13 —Reaction No. 2: The duty to resist
- § 4:14 A proliferation of statutes
- § 4:15 —Early Versions of the Model Act
- § 4:16 The importance of indemnity agreements
- § 4:17 —New York: The imputation of preemption
- § 4:18 —Delaware: The sphinx-like opinion in *Mooney v.* Willys-Overland Motors, Inc.
- § 4:19 — The facts: A stockholder suit
- § 4:20 ——The legal arguments
- § 4:21 ——The third circuit's opinion
- § 4:22 ——An independent legal ground
- § 4:23 The turbulent sixties
- § 4:24 The 1967 Delaware and Model Act Revisions
- § 4:25 Delaware and the Model Act part company
- § 4:26 —Model Act Revisions of 1980: A complete overhaul
- § 4:27 The tightening of the insurance market
- § 4:28 Insurers' need to monitor insured

CHAPTER 5. STATE INDEMNIFICATION LEGISLATION

	GISEMIII OI V
§ 5:	General
§ 5:5	Governing law
§ 5:	—Business combinations and reincorporation
§ 5:4	
§ 5:	
§ 5:0	
§ 5:'	
§ 5:8	———Indemnification of "agents"
§ 5:9	
	enterprises
§ 5:	
§ 5:	
	proceeding"?
§ 5:	
§ 5:	
§ 5:	
	expenses
§ 5:	
§ 5:	
§ 5:	
§ 5:	
e = .	success in defense
§ 5:	_
§ 5:5	
§ 5:5	
§ 5:5	
§ 5:5	corporation 23 — — — Procedural requirements
§ 5.2	-
§ 5.2	· -
§ 5:5	
§ 5:5	
§ 5:5	== *
§ 5:5	
§ 5:	· · · · · · · · · · · · · · · · · · ·
§ 5:	
§ 5:	
§ 5:	· · · · · · · · · · · · · · · · · · ·
§ 5:	V 1
§ 5:3	
§ 5:	
§ 5:3	37 —Applicability

§ 5:38	—Advancement of expenses
§ 5:39	—Mandatory indemnification
§ 5:40	—Permissive indemnification
§ 5:41	—Nonexclusivity provision
§ 5:42	—Authorization of insurance
§ 5:43	The Revised Model Business Corporation Act
§ 5:44	—Applicability
§ 5:45	—Advancement of expenses
§ 5:46	—Mandatory indemnification
§ 5:47	—Permissive indemnification
§ 5:48	—Consistency provision
§ 5:49	Caselaw applying statutes—Advancement of
	expenses
§ 5:50	Caselaw discussion—Mandatory indemnification
§ 5:51	—Indemnification by court
§ 5:52	The Revised Model Business Corporation Act— Authorization of insurance

CHAPTER 6. PUBLIC POLICY LIMITATIONS IMPOSED BY FEDERAL LAW

§ 6:1	Introduction
§ 6:2	Protection available to depository institution officials
§ 6:3	—The effect of the Crime Control Act on
	indemnification
§ 6:4	—National banks
§ 6:5	—Federal thrifts
§ 6:6	—Holding companies
§ 6:7	—State chartered banks and thrifts
§ 6:8	—D&O insurance and blanket bonds
§ 6:9	Public policy and the federal securities laws—
	Indemnification for federal securities law
	violations: The 1933 Act
§ 6:10	—The Investment Company Act of 1940
§ 6:11	—Judicial recognition of public policy limitations
§ 6:12	—SEC staff disclosure guidelines for liability
	limitations actions
§ 6:13	—Contribution
§ 6:14	Statutory federal public policy limitations

CHAPTER 7. FEDERAL TAX CONSEQUENCES OF INDEMNIFICATION AND INSURANCE

§ 7:1 Introduction

§ 7:2	Fundamental principles
§ 7:3	Tax treatment of litigation expenses that have not been paid or reimbursed by the corporation
§ 7:4	—Expenses directly related to the trade or business of being an officer or director
§ 7:5	—To whom the expense belongs?
§ 7:6	Tax treatment of indemnification payments— Deduction by the corporation
§ 7:7	—Income to officer or director
§ 7:8	—Effect of indemnification statutes
§ 7:9	—The importance of bylaws
§ 7:10	Particular situations—Fines
§ 7:11	—Settlement expenses
§ 7:12	—Shareholder derivative actions
§ 7:13	—Criminal actions
§ 7:14	Advancement of litigation expenses
§ 7:15	Insurance payments

CHAPTER 8. EFFECTS OF BANKRUPTCY ON OFFICER AND DIRECTOR LIABILITY INDEMNIFICATION AND INSURANCE

8 0:1	Introduction
§ 8:2	Overview of bankruptcy law—General
	background
§ 8:3	—Commencement of a case
§ 8:4	—Creation of the bankruptcy estate
§ 8:5	—Automatic stay
§ 8:6	—Retention of control by debtor-in-possession
§ 8:7	—Appointment of creditors' committee
§ 8:8	—Allowance and priority of claims—Allowance of
	claims
§ 8:9	——Establishment of a bar date
§ 8:10	——Priorities
§ 8:11	—Assumption and rejection of executory contracts
§ 8:12	—General prohibition against preplan payments
§ 8:13	—Plan of reorganization—Formulation of a plan
§ 8:14	——Plan treatment of claims and interests
§ 8:15	 —Solicitation of plan acceptances
§ 8:16	——Plan confirmation requirements
§ 8:17	Litigation involving directors and officers of a
	debtor—Possible stay of litigation
§ 8:18	—Automatic stay
§ 8:19	——Effect of D&O liability coverage

§ 8:20	———Case discussions
§ 8:21	——Other factors
§ 8:22	——Section 105
§ 8:23	— — Cases allowing officers and directors access to proceeds of debtor's D&O policy
§ 8:24	— — Uncertain scope of stay
§ 8:25	—Standing to sue
§ 8:26	Indemnification claims—Payment of directors' and officers' litigation expenses on a current basis
§ 8:27	—Possible characterization of indemnification arrangements as executory contracts
§ 8:28	—Administrative priority claims
§ 8:29	—Treatment of indemnification claims
§ 8:30	——Subordination
§ 8:31	 — Disallowance of contingent and unliquidated claims
§ 8:32	—Insured v. insured claims
§ 8:33	Valuing claims against directors and officers
_	PTER 9. INDEMNIFICATION BY
CHA	RTER PROVISIONS AND BYLAWS
§ 9:1	Introduction
§ 9:2	Checking state statutes; exclusivity
§ 9:3	Public policy limitations on indemnification
§ 9:4	Use of charter provisions
§ 9:5	Shareholder approval is desirable
§ 9:6	Common provisions that may be added to charters or bylaws to increase indemnity protection; Mandatory provisions
§ 9:7	Definition of covered persons; Employees of subsidiaries and affiliates
§ 9:8	Post-termination protection and contract clauses
§ 9:9	Mergers and acquisitions
§ 9:10	Varying state standards for indemnification; Changing the burden of proof
§ 9:11	Advances of expenses
§ 9:12	Advancement of expenses—Illustrations where advancement warranted
§ 9:13	—Illustrations where advancement not warranted
§ 9:14	Claims covered; investigations, settlements, and other uncertainties
§ 9:15	—Cases finding no coverage
§ 9:16	—Cases finding coverage
§ 9:17	Claims by plaintiffs

- § 9:18 Derivative claims§ 9:19 Procedures for indemnification
- § 9:20 Authorization of funding mechanisms
- § 9:21 Contribution clauses
- § 9:22 Savings clause

CHAPTER 10. SEPARATE INDEMNIFICATION CONTRACTS

- § 10:1 Advantages of indemnification contracts
- § 10:2 Enforceability of separate indemnification contracts
- § 10:3 Shareholder approval
- § 10:4 Types of separate indemnification contracts
- § 10:5 —Additional protection contracts
- § 10:6 —Quasi-Insurance contracts
- § 10:7 —Insurance supplement or replacement contracts
- § 10:8 Advancement of expenses
- § 10:9 —Caselaw discussion
- § 10:10 Severability clauses
- § 10:11 To cap or not to cap
- § 10:12 Funding mechanisms

CHAPTER 11. FUNDING ALTERNATIVES TO INSURANCE

- § 11:1 Insufficiency of traditional insurance
- § 11:2 Alternative funding mechanisms generally
- § 11:3 Self-Insurance, captive, and consortium insurers
- § 11:4 "Fronting" arrangements
- § 11:5 Letters of credit
- § 11:6 Indemnification trusts
- § 11:7 Statutory authority for alternative funding mechanisms

CHAPTER 12. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

- § 12:1 Introduction
- § 12:2 A short history of D & O coverage
- § 12:3 Advantages of D & O Insurance
- § 12:4 Contractual nature of insurance
- § 12:5 Structure of the typical policy
- § 12:6 Analysis of D & O policy provisions
- § 12:7 —A "Claim" must have been made during the policy period

§ 12:8	—A "Claim" must have been made during the
	policy period—Case illustrations of what does
0.40.0	and does not constitute a "claim"
§ 12:9	—The claim must be made against an insured
§ 12:10	—The claim must be for a wrongful act or for an occurrence
§ 12:11	——Claims within scope of coverage
§ 12:11	—The claim must not be excluded under the
8 12.12	terms of the policy or by endorsement—
	Contractual liability exclusions
§ 12:13	—The insured must incur loss
§ 12:14	—The claim must not be excluded under the
	terms of the policy or by endorsement
§ 12:15	——Conduct exclusions
§ 12:16	— — Fraudulent, dishonest, wilful or criminal
§ 12:17	— — Personal profit
§ 12:18	— — — Money laundering
§ 12:19	— — Professional services
§ 12:20	Analysis of D & O Insurance—The claim must
	not be excluded under the terms of the policy
0.40.04	or by endorsement
§ 12:21	——Claims "based upon, arising from" litigation
0.10.00	specifically referenced in policy
§ 12:22	Analysis of D & O policy provisions—The claim
§ 12:22	must not be excluded under the terms of the
§ 12:22	must not be excluded under the terms of the policy or by endorsement—Exclusions due to
	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies
§ 12:22 § 12:23	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy
§ 12:23	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy
	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy —Exclusions relating to issues of public policy
§ 12:23	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy
§ 12:23	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy ——Exclusions relating to issues of public policy or areas of difficult exposure—The insured
§ 12:23 § 12:24	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy —Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion
§ 12:23 § 12:24 § 12:25	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy ——Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion ——The prior acts exclusion
\$ 12:23 \$ 12:24 \$ 12:25 \$ 12:26	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy —Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion
\$ 12:23 \$ 12:24 \$ 12:25 \$ 12:26 \$ 12:27	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy ——Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion ——The prior acts exclusion
\$ 12:23 \$ 12:24 \$ 12:25 \$ 12:26 \$ 12:27 \$ 12:28	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy ——Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion ——The prior acts exclusion ——The antitakeover exclusion
\$ 12:23 \$ 12:24 \$ 12:25 \$ 12:26 \$ 12:27 \$ 12:28 \$ 12:29	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy ——Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion ——The prior acts exclusion ——The antitakeover exclusion ——Tax-exempt bond exclusion
\$ 12:23 \$ 12:24 \$ 12:25 \$ 12:26 \$ 12:27 \$ 12:28 \$ 12:29 \$ 12:30	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy —Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion ——The prior acts exclusion ——The antitakeover exclusion ——Tax-exempt bond exclusion —Exclusions—Shareholder exclusion Creditor exclusion Analysis of D & O policy provisions—The claim
\$ 12:23 \$ 12:24 \$ 12:25 \$ 12:26 \$ 12:27 \$ 12:28 \$ 12:29 \$ 12:30 \$ 12:31	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy —Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion ——The prior acts exclusion ——The antitakeover exclusion ——Tax-exempt bond exclusion —Exclusions—Shareholder exclusion Creditor exclusion Analysis of D & O policy provisions—The claim must not be excluded under the terms of the
\$ 12:23 \$ 12:24 \$ 12:25 \$ 12:26 \$ 12:27 \$ 12:28 \$ 12:29 \$ 12:30 \$ 12:31 \$ 12:32	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy ——Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion ——The prior acts exclusion ——The antitakeover exclusion ——Tax-exempt bond exclusion ——Exclusions—Shareholder exclusion Creditor exclusion Analysis of D & O policy provisions—The claim must not be excluded under the terms of the policy or by endorsement—Endorsements
\$ 12:23 \$ 12:24 \$ 12:25 \$ 12:26 \$ 12:27 \$ 12:28 \$ 12:29 \$ 12:30 \$ 12:31 \$ 12:32	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy —Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion ——The prior acts exclusion ——The antitakeover exclusion ——Tax-exempt bond exclusion —Exclusions—Shareholder exclusion Creditor exclusion Analysis of D & O policy provisions—The claim must not be excluded under the terms of the policy or by endorsement—Endorsements ——Caselaw discussion
\$ 12:23 \$ 12:24 \$ 12:25 \$ 12:26 \$ 12:27 \$ 12:28 \$ 12:29 \$ 12:30 \$ 12:31 \$ 12:32 \$ 12:33 \$ 12:33	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy —Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion ——The prior acts exclusion ——The antitakeover exclusion ——Tax-exempt bond exclusion —Exclusions—Shareholder exclusion Creditor exclusion Analysis of D & O policy provisions—The claim must not be excluded under the terms of the policy or by endorsement—Endorsements ——Caselaw discussion —Condition precedent
\$ 12:23 \$ 12:24 \$ 12:25 \$ 12:26 \$ 12:27 \$ 12:28 \$ 12:29 \$ 12:30 \$ 12:31 \$ 12:32 \$ 12:33 \$ 12:34 \$ 12:35	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy —Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion ——The prior acts exclusion ——The antitakeover exclusion ——Tax-exempt bond exclusion —Exclusions—Shareholder exclusion Creditor exclusion Analysis of D & O policy provisions—The claim must not be excluded under the terms of the policy or by endorsement—Endorsements ——Caselaw discussion —Condition precedent —The insurer must be notified
\$ 12:23 \$ 12:24 \$ 12:25 \$ 12:26 \$ 12:27 \$ 12:28 \$ 12:29 \$ 12:30 \$ 12:31 \$ 12:32 \$ 12:33 \$ 12:33	must not be excluded under the terms of the policy or by endorsement—Exclusions due to other policies ——"Other insurance" clause of D & O policy and commercial general liability policy —Exclusions relating to issues of public policy or areas of difficult exposure—The insured versus insured exclusion ——Contract based exclusions ——The regulatory exclusion ——The prior acts exclusion ——The antitakeover exclusion ——Tax-exempt bond exclusion —Exclusions—Shareholder exclusion Creditor exclusion Analysis of D & O policy provisions—The claim must not be excluded under the terms of the policy or by endorsement—Endorsements ——Caselaw discussion —Condition precedent

§ 12:37	— —Within reasonable time
§ 12:38	—Loss must be in excess of the retention
	amount and not within any applicable co-
	insurance percentage
§ 12:39	——Retentions
§ 12:40	— —Co-insurance
§ 12:41	Defense of litigation
§ 12:42	—The duty to defend
§ 12:43	——Caselaw discussion
§ 12:44	—Choice of counsel
§ 12:45	——Caselaw discussion
§ 12:46	—The duty to advance expenses
§ 12:47	——Caselaw discussion
§ 12:48	—Allocation
§ 12:49	——Settlement issues
§ 12:50	Discovery, change of control and cancellation
§ 12:51	—Discovery or extended reporting
§ 12:52	—Change of control
§ 12:53	——Caselaw discussion
§ 12:54	—Cancellation or rescission—Cancellation at
	discretion of the parties
§ 12:55	 —Cancellation on bankruptcy of insured
	corporation
§ 12:56	——De facto cancellation—The Kemmerer case
§ 12:57	——Rescission on account of misrepresentations
	by insured
§ 12:58	———The case of the innocent insured
§ 12:59	Structuring a Side A policy
§ 12:60	Entity policies for publicly traded companies
§ 12:61	—Securities claims
§ 12:62	The Private Securities Litigation Reform Act of 1995
§ 12:63	—Effect of the Reform Act on D & O insurance
\$ 12.00	rates
§ 12:64	—Effect of the Reform Act on D & O policy
3 12.01	terms and conditions
§ 12:65	——State of mind requirements
§ 12:66	— — The relationship between the Reform Act
3 12.00	and the corporate retention
§ 12:67	——The effect of the proportionate liability test
3	on policy exclusions
§ 12:68	— —The effect of the damage cap on coverage
	for crisis communication fees
§ 12:69	Industry-specific policy forms
§ 12:70	—Not-for-profit organizations

§ 12:71 —Health care
§ 12:72 —Educational institutions
§ 12:73 —Privately held companies
§ 12:74 — Exclusions
§ 12:75 — Defense provisions
§ 12:76 Insurer's ability to bring legal malpractice claim

CHAPTER 13. NONPROFIT CORPORATIONS

0.10.1	T (1 ()
§ 13:1	Introduction
§ 13:2	Types of liability for nonprofit officers and
	directors
§ 13:3	—Breaches of fiduciary duty—Duty of loyalty
§ 13:4	——Duty of care
§ 13:5	——Duty of obedience
§ 13:6	——"Derivative actions"
§ 13:7	—Third-party actions
§ 13:8	—Government enforcement actions—State
	regulatory actions
§ 13:9	— —Federal tax actions—Failure to file tax
	returns
§ 13:10	———Failure to collect and pay taxes
§ 13:11	— — Penalties for private foundation
	managers
§ 13:12	Protection against liability—Liability-limiting
	statutes
§ 13:13	—Indemnification and insurance
§ 13:14	Application of Sarbanes-Oxley principles to
	nonprofit organizations