



Liability Claims

T A K E A W A Y S

March, 2026

Welcome to the 62nd edition of 'Liability Claims Takeaways' - our monthly insights from industry stalwarts.

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1 EPLI Extension under D&O Insurance

Event Chronology

The insured, a UK-based energy company, received an internal complaint from one of its employee alleging discrimination and harassment by a supervisor. As no monetary relief, legal action, or demand for compensation accompanied the complaint, the matter proceeded solely as an internal disciplinary issue, resulting in the supervisor's termination. The issue remained dormant for over ten months, during which the D&O Policy-including the EPLI extension-was renewed. Several months after renewal, the insured received a civil suit from the same employee seeking damages, prompting notification of an Employment Practices Liability Insurance (EPLI) claim. The insurer denied coverage on the basis of alleged material non disclosure in the proposal form, asserting that the earlier internal complaint constituted a notifiable "circumstance."



Key Intent of the Claim

Case Study

To ascertain when a fact or circumstance attains the level of knowledge requiring disclosure by the insured at the time of renewing the policy.

Scope of the Policy

Employment Practices Liability Insurance is a specialised type of insurance coverage designed to protect employers against lawsuits related to employment practices.

It typically covers the legal costs, settlements, and judgments related to claims made by employees such as wrongful termination, discrimination, sexual harassment, retaliation, and failure to promote. The EPLI extension under a D&O policy is typically structured as a claims-made policy, meaning that coverage is triggered when a claim is first made and reported during the policy period.

Highlight

Given the strict scrutiny applied by Indian courts to proposal form non disclosures, ensuring full and accurate disclosure of all 'material' facts and information is critical.

Prudent: The Part Well Played

Proposal forms constitute a fundamental component of an insurance contract, forming the basis upon which the insurer assesses risk and agrees to extend coverage. The doctrine of utmost good faith imposes the corresponding duty on the insured to make full, fair, and accurate disclosure of all material facts within its knowledge at the time of policy inception or renewal. In the present matter, the insurer declined coverage on the allegation that the insured breached its duty of disclosure by failing to disclose a prior workplace complaint in the proposal form at renewal. The insurer characterised this omission as a material misrepresentation.

After Prudent stepped in as the broker, we were able to justify that the EPLI extension triggers when there is a "Claim" made against the insured. Since the initial complaint was only in respect to disciplinary action against the supervisor and no damages, compensation or legal action was initiated, there was no "Claim" in existence at the time of policy renewal. Further, we were able to establish that there was no objective basis upon which the insured could reasonably have anticipated that the internal complaint - having remained dormant for nearly a year - would subsequently escalate into a formal lawsuit seeking damages. With the support of judicial precedents, we were able to demonstrate to the insurer that no disclosable circumstance or claim existed at the time the proposal form was executed, and that the insured had fulfilled its duty of utmost good faith by completing the form to the best of its knowledge and belief.



2 Crime and Cyber Insurance

Event Chronology

The insured, a payment gateway company, received a notification from its bank alerting it to unusually large transactions occurring in its account. Upon investigation, it was discovered that certain funds had been fraudulently transferred from the insured's bank account due to a brute force attack on insured's system. At the time, the loss faced by the insured was in regard to the fraudulent transfer of funds and accordingly, a claim was lodged under its crime policy.

Key Intent of the Claim

Case Study

It is always better to avail policies that are aligned with the insured's line of business and to evaluate which policy affords the better benefit to the insured.

Scope of the Policy

A crime policy acts like a reliable security guard for your business, protecting against losses resulting from criminal acts such as theft, fraud or embezzlement, whether physical or digital. Just as a security system stops burglars and protects your physical assets, a crime policy provides financial protection against losses incurred due to criminal activity. In contrast, a cyber policy functions like a sophisticated firewall for your online operations. It is designed to cover losses and liabilities related to cyber-incidents and just as a firewall prevents unauthorised access to your network, a cyber policy protects a business from the financial repercussions of such incidents.

Prudent: The Part Well Played

Since we were the brokers on both the crime and cyber policies, we undertook a comprehensive review of the coverage applicable to the insured's loss. While the crime claim was being evaluated, we also reviewed the loss under the cyber policy and immediately notified the insurer of the business-interruption loss, since the insured had to stop all transactions on its website, until the systems were fully secured. We were able to secure an assessment under both policies, ensuring the insured the best benefits under both policies. This case study reinforces the broker's responsibility to guide clients in maximising benefits across all their policies.



Highlight

A single event can trigger cover under multiple policies. The right broker should guide the insured in the claims process and coverage.

3 Commercial General Liability (CGL) Insurance

Event Chronology

The insured, a U.S. based publishing house, engaged an independent author to prepare a chapter analysing corporate defaults by CEOs of major investment banks. The completed work was subsequently published by the insured as part of a book, which was distributed both in print and digitally. Approximately six months following publication, the insured received a legal notice from one of the individuals referenced in the book, asserting that the content was defamatory and demanding that all publication and circulation cease immediately. Subsequently, the former CEO also initiated a civil action against the insured, claiming damages for alleged libel and slander arising from statements contained in the book.

The insured lodged a claim under its Commercial General Liability policy for defending the suit. The insurer was of the opinion that the CGL policy would trigger only in defending the publication house and no costs would be incurred towards defending the author as he was not an “insured” under the policy.



Key Intent of the Claim

Case Study

A CGL Policy is a comprehensive policy whose purpose serves beyond the traditional covers of bodily injury and property damage.

Scope of the Policy

The personal and advertising Injury cover is triggered if a business is being held legally liable for reputational harm arising from an allegedly defamatory statement made in the course of its operations or advertising.

The CGL policy typically provides both defense costs and indemnity for sums that the insured becomes legally obligated to pay as damages due to such personal injury.

Highlight

Under a CGL policy, defence costs related to allegations of personal injury are covered, with the option to extend such coverage to contractors, in accordance with the policy provisions.

Prudent: The Part Well Played

First, we conducted a detailed review of the allegations set forth in the lawsuit and determined that the claims fell squarely within the scope of the policy’s personal and advertising injury cover. Second, by invoking the “unnamed contractor” provision within the policy, we were able to demonstrate that the independent author qualified as an insured for acts performed on behalf of the publishing house, thereby extending coverage to him for the alleged defamatory statements. As a result of these timely interventions, the lawsuit was ultimately dismissed in favour of the insured, and all defence costs incurred were reimbursed under the policy, subject to applicable terms and conditions.

Third, given that the legal notice and subsequent suit were filed in the United States, it was essential to secure the insurer's prior consent for the appointment of defence counsel. Leveraging Prudent's global network of experienced partners, we assisted the insured in identifying and retaining defence counsel with the requisite expertise, while ensuring the insurer's approval of the terms of engagement for both the publishing house and the author.



We are sure you found the anecdotes interesting and got some key points to take away.

Stay tuned for the next edition!

About Prudent Insurance Brokers

We, at Prudent Insurance Brokers, provide industry-leading expertise in designing and managing insurance programs to address unique requirements of your organisation. We have a client-centric service infrastructure that delivers proactively & passionately in a highly systematic manner. Our Liability Team consists of members with underwriting experience and the largest number of lawyers who can assist you across different areas:

- Identifying and addressing gaps in your current insurance programs
- Arranging the most cost-effective cover from Indian and international markets
- Ensuring contract compliance for your insurable indemnities
- Offering 360° claims management by one of the largest claims teams across any broker in India
- Providing global solutions through the strongest international alliances



Our Claim-handling Expertise

Our team members come from varied areas of expertise, thereby enabling us to ensure that our clients are assisted thoroughly, through every step of the claims-handling process. We take pride in our professional competency and diligence, and our team is always willing to walk the extra mile in client service.

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