

URGENT: IMPORTANT WARNING REGARDING INSURANCE COVERAGE

Date: [Insert Date]

To: The Board of Directors and Officers of [Insert Company Name]

Subject: Notice of Imminent Lapse / Expiration of Directors and Officers (D&O) Liability Policy

Dear Directors and Officers,

This letter serves as a formal warning that your Directors and Officers (D&O) Liability Insurance Policy, [Policy Number], is scheduled to expire on [Expiration Date].

As of this date, we have not received the necessary [renewal application / premium payment] required to maintain continuous coverage. If action is not taken immediately, your coverage will lapse effective [Time] on [Date].

Consequences of a Coverage Lapse:

- **Personal Asset Exposure:** Without a valid D&O policy, your personal assets may be at risk to satisfy legal defenses, settlements, or judgments arising from claims of "wrongful acts" in your capacity as leaders of the company.
- **Loss of Continuity:** A lapse in coverage may result in the loss of "prior acts" coverage, meaning the new policy may not cover claims arising from events that occurred before the new start date.
- **Reporting Gap:** Most D&O policies are "claims-made" forms. If a claim is made against you during a period where no policy is in force, there is no coverage, regardless of when the alleged incident occurred.
- **Regulatory and Contractual Breach:** A lapse may violate corporate bylaws, investor agreements, or loan covenants that require the maintenance of D&O insurance.

To avoid a gap in protection, please [insert required action, e.g., sign the attached renewal form / submit payment via the portal] no later than [Deadline Date].

If you have already submitted the renewal requirements, please disregard this notice or contact [Name/Department] at [Phone/Email] to confirm receipt.

Sincerely,

[Your Name/Title]

[Company Name/Risk Management Department]