

Authors Explore Availability of Demand for D&O Insurance in China

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In their *Insurance Law Update*, Partner David Kroeger and Associate Huiyi Chen explain that purchasing directors and officers insurance (D&O) has not been standard practice for public companies in China – until recently. Indeed, the demand for such insurance has spiked due to the new Chinese Securities Law that went into effect in March 2020. The authors analyze China’s first “special representative” securities action brought against a public company and its directors and officers in 2021. In that case, Kangmei Pharmaceutical Co., Ltd. was liable for more than 2.4 billion CNY (around \$379 million USD) due to fraudulent accounting representations. “The significant price tag is only one of the noticeable factors that brought attention to the Kangmei ruling, and the shocking effect it exerted on the Chinese business and legal world is largely attributable to those who were found to be personally on the hook for that huge amount of damages,” the authors observe.

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