Articles
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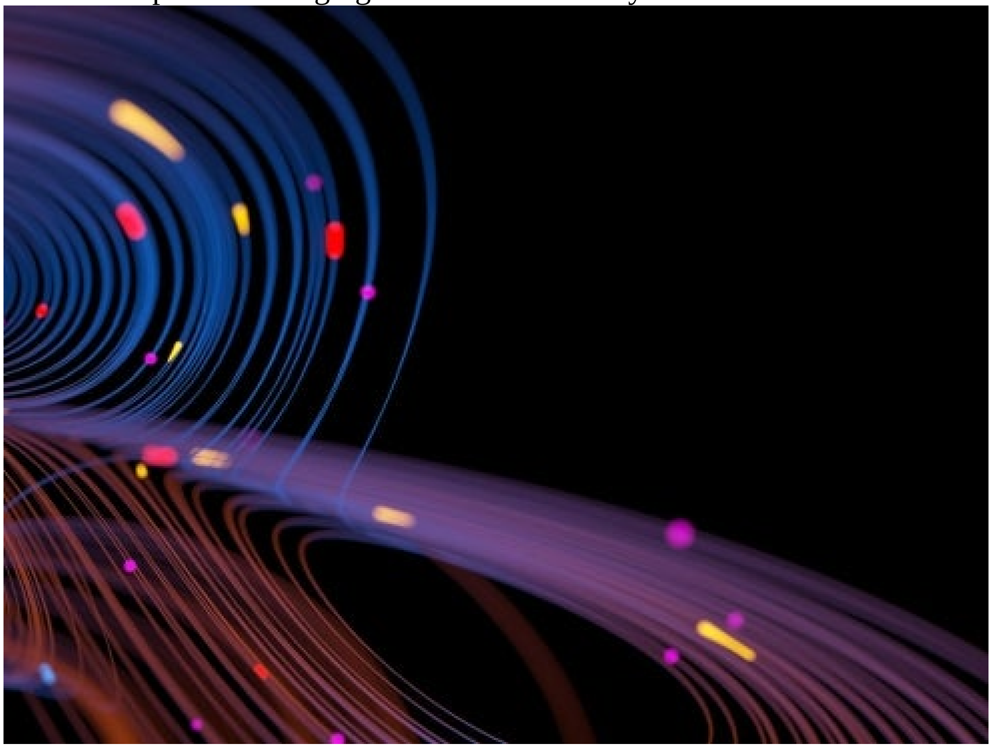
Practical Tips For Managing Bank D&O Liability Risk


As with past banking crises, the recent failures of Silicon Valley Bank and Signature Bank will likely put the directors and officers of affected banking institutions in the proverbial crosshairs as regulators second-guess their decisions and look for potential sources of loss recovery. Such individuals may face personal liability on a variety of different fronts.

The crisis thus far appears to stem from liquidity breakdowns and a failure to manage balance sheet and interest rate risk. The affected financial institutions had close connections with startup companies, venture capital firms and the digital asset sectors. The lack of customer diversification has been alleged as a factor in the downfall of these financial institutions.

Addressing D&O liability risks in such an environment requires an interdisciplinary approach that pays close attention to announced regulatory priorities. We describe some of the risks that D&Os at affected banks may face and make some suggestions to promote sound banking practices and mitigate personal liability risk going forward.

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