

The Dentons logo is a white arrow pointing to the right, containing the word "DENTONS" in a bold, black, sans-serif font.

DENTONS

A large, stylized eagle in flight is the central visual element. The eagle is white with a yellow flower in its talons. It is set against a purple semi-transparent overlay that covers the top and left portions of the image. The background is a scenic view of mountains at sunset or sunrise, with a warm orange and yellow sky and blue-tinted mountains.

BORDER TALKS
WEEKLY WEBINAR
SERIES

Disrupted trade, unlocked coverage: Risks and insurance in the era of tariffs

February 21, 2025

Grow | Protect | Operate | Finance

Speakers:



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Impact of tariffs on insurance claims

- Directors and Officers liability claims
- Business interruption policies
- Breach of contract
- Transactional claims
- Property & Casualty insurance



Directors and Officers liability claims

- Companies are more likely to purchase D&O insurance in times of economic policy uncertainty.
- Examples of class action claims in the US, commenced by shareholders against companies alleged to have violated trade sanctions:
 - ***Krivenok v Joint Stock Company Kaspi.KZ et al***,
 - Allegations that the company's conduct violated trade sanctions and that the company misrepresented the extent to which its bank subsidiary was being used to assist Russians with evading sanctions.
 - Complaint alleges that the actions of the company exposed the company to sanctions and/or penalties.
 - ***Norfolk County Retirement System v Super Micro Computer Inc. et al***, US District Court, California, filed Oct. 2024
 - Claim against Directors & Officers following decline in share price.
 - The security holders allege that the company misrepresented its compliance with trade control regulations restricting exports to Russia as well as allegations of accounting misconduct.

Business interruption policies

Business interruptions can lead to:

- Loss of income
- Increased costs
- Delays
- Issues with material availability



Business interruption policies

Possible solutions:

- Investigate your supply chain.
- Consider alternatives or contingency plans in the event the supply chain breaks.
- Consider reducing reliance on imported goods – insurers may consider providing a discount on premiums for this.
- Can protect your business with a tariff pass-through clause, which will pass costs on to the clients.
- Supply chain extensions available on certain types of business interruption policies.

Breach of contract

- E&O coverage may cover financial damages awarded for breach of contract.
- Business interruptions resulting from tariffs may induce breach of contract.
- Manufacturing industry is particularly dependent on international trade for materials.
- Tariffs could drive manufacturers to find cheaper or more convenient alternatives, which could lead to increased exposure for defects and/or regulatory compliance issues.



Transactional claims

- The current landscape has led to a slowing of M&A activity.
- Transactional Risk Insurance provides coverage that helps protect buyers and sellers in M&A deals.
- Includes contingent liability or contingent risk insurance and representations and warranties insurance.
- Examples of relevant covered risks include:
 - Noncompliance with laws.
 - Lost or altered customer and supplier contracts.
- Additional coverage may eliminate or mitigate exposure to these risks.

<https://kpmg.com/ca/en/home/media/press-releases/2025/01/us-tariffs-could-slow-mergers-acquisitions-in-canada.html>

Property and Casualty insurance

- 25% tariff on steel and aluminum imports to come into effect on March 12, 2025.
- Costs for equipment and machinery in many industries, such as construction or agricultural, are likely to increase.
- Storage costs if the value of stored inventory increases.
- Replacement costs for new and used equipment will also increase.
- Example: a \$500,000 concrete pump truck may cost \$500,000 at the time it is insured, but replacement costs could go up 25% once tariffs have set in.



Thank you



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