



BSR Private Company D&O

Private company Directors and Officers coverage is designed to help organizations respond to loss or potential loss resulting from allegations of a breach of duties by the board. Directors and officers of even private companies are required to uphold their Duties of Care, Loyalty and Obedience.

Coverage Highlights can include:*

- Monoline D&O policy or multi-line policies to include D&O, EPL, and Fiduciary
- Punitive Damages, where insurable by law
- Separate limits for Directors & Officers Liability and Employment Practices Liability
- Outside Directorship Liability coverage for service on 501(c)3 boards
- Duty to Defend
- Full Prior Acts
- Third Party Discrimination as part of EPL coverage
- Fair Labor Standards Act (FLSA) sub-limit of \$100,000 available in most jurisdictions if EPLI is purchased
- Primary and excess coverage is available

**Available coverage highlights are determined by underwriting conditions and may not be available to all applicants*

Reasons Private Company D&O coverage is necessary:

- The Directors and Officers risk their personal assets by serving on the board. They are personally liable for their business decisions and can be sued as individuals. The only protection between a claim and personal assets may be a D&O policy.
- The cost of defending D&O suits may exceed the net worth of many private companies.
- The average total cost of a D&O claim for a private company is \$310,000 when including settlement and defense costs.
- 39% of private companies with 25 or more employees have experienced a D&O suit in the past five years.
- Private companies can be sued by their employees, shareholders, investors, competitors, suppliers, customers and lenders.
- Companies will have a difficult time attracting quality individuals to serve on their boards with out providing them with the protection of a D&O policy.

We specialize so you don't have to.



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Claim Examples

A respected president of a private company began borrowing money from the firm for personal use. These transactions were successfully covered up for almost a year until the firm was forced to declare bankruptcy. A bank brought a breach of duty of care suit as they had recently renewed a large outstanding note. They additionally charged misrepresentation of financial information.

Shareholders of a private company allege that some of the company directors and officers usurped corporate opportunities by diverting new accounts to a secretly set up competitive venture. They allege breach of financial duty, unfair competition, interference with business relations and conversion of company funds.

Shareholders allege that certain directors and officers exerted complete domination and control over the company and used it as a vehicle for their own business purposes at the expense of the company and minority shareholders. Defense and settlement exceed \$500,000.

A competitor sues a private company alleging that one of their former employee, who is now working for the plaintiff, used confidential and proprietary information and committed acts of unfair competition. As a result of these actions, the competitor suffered irreparable and immediate injury. Defense costs and settlement to exceed \$350,000.

Based on a favorable review of their soon to be produced product a private company raised millions for production and marketing of their new product. Further internal review discovered a flaw in the product which prohibited distribution. Shareholders brought suit for misrepresentation in the documents. Damages to exceed 15,000,000.

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