

Putting risk in its place



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## Mistakes happen.

**Claims against the directors and officers of privately held companies come from all sides – shareholders, vendors, customers, and employees.** Directors and officers are also exposed to fiduciary claims through benefits management, and dishonesty claims of employee theft. These lawsuits place enormous strain on day-to-day business and put executives' personal assets at risk.

Business Risk Partners has partnered with the financial strength of Liberty Mutual to offer Directors & Officers Liability, Employment Practices Liability, Fiduciary Liability, and Crime on an admitted basis in a policy called the Private Advantage. You can select the coverage options and policy limits that fit your client's specific need.

### Snap Shot:

<b>Product:</b>	Directors & Officers, Employment Practices Liability, Fiduciary Liability, and Crime or in any combination.
<b>Target:</b>	Firms with assets up to \$250mm and 1,500 employees.
<b>Capacity:</b>	\$5mm per coverage section.
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### Real Life Exposures:

**Loan Default:** A diversified sports product company received a lawsuit against the President, CEO, and Chairman of the Board for not honoring a promissory note. The plaintiff alleges that it lent \$1mm to the company. The company allegedly agreed to pay the funds back within a month pursuant to the promissory note. Despite requests for return of the money, plus interest, the company has not returned the funds to the plaintiff. Total defense costs and settlement exceed \$250,000.

**Inadequate Financial Reporting:** A technology company received a complaint from an investor who alleges the company improperly induced the plaintiff to issue a note payable to the company. The plaintiff specifically alleges the company made false representations and other false statements regarding the company's forecasted rate of growth and failure to disclose its tax lien. The company defaulted on the promissory note when it failed to make the required principle and interest payments. The plaintiffs issued a demand letter and filed suit against the company. The plaintiff agreed to accept the company's offer to convert the promissory note to stock in the company, but the defense costs exceeded \$100,000.

**Shareholder Claim:** A Midwest domiciled home products company retained an independent research firm to evaluate its new home product. Based on a favorable review by the outside firm, the company raised in excess of \$10mm for the production and marketing of the new product. Prior to releasing the product, the company's internal evaluation team discovered, after extensive testing, that the new product did not work properly. Shareholders have brought suit against the company and the directors and officers for misrepresentation in the offering documents. Damages alleged in the lawsuit exceed \$15mm.

### Coverage Features:

- **Directors & Officers Liability:** \$500,000 in additional, built-in, Side-A limit, \$250,000 derivative demand sublimit, IPO "road-show" coverage, broad definitions, and generous carve backs to exclusions.
- **Employment Practices Liability:** \$100,000 in Wage & Hour sublimit. Third Party liability and broad definitions of Claim, Insured Person, and Wrongful Act.
- **Fiduciary Liability:** Built in coverage for Voluntary Settlement Programs and Health Insurance Portability and Accountability Privacy Act (HIPPA). It can include standard 401k's, as well as defined benefit pensions and Employee Stock Ownership Plans (ESOP).
- **Crime Coverage:** Cafeteria-style coverage selection with multiple insuring agreements available.

*All coverages available with an optional Duty to Defend provision. Defense outside the limit available for additional premium.*

**PLEASE NOTE:** This list is solely intended to be a summary of policy coverage. Please reference the actual policy for specific terms and conditions. The policy supersedes all representations made above.