



TRAVELERS

Private Directors & Officers Liability

COVERAGE HIGHLIGHTS

Overview

Privately held companies are increasingly concerned about litigation and the protection of assets. In fact, a recent Travelers survey of private companies found that one third of these companies identified concerns about litigation and the protection of company assets as the factors that most influenced their decision to purchase insurance coverage. An even greater percentage were concerned about protecting the personal assets of their directors, officers and board members.

These concerns are well founded as privately held companies are exposed to litigation arising from:

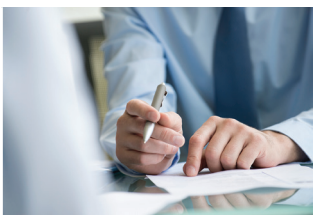
- Challenging business environments
- Competitors, suppliers and customers
- Higher investor profit expectations
- Government regulation and oversight

For privately held companies, individuals running the company are often company founders, with personal and business assets closely aligned. Disputes are often emotional, resulting in complex, lengthy and expensive litigation.

Consider the following litigation scenarios:

- **Suits brought by competitors** – A printing and packaging company hired an employee who had been terminated by a competitor. The employee allegedly entered the former employer's premises using a master key obtained during his prior employment. The employee allegedly took customer lists and financial data. The former employer sued the printing and packaging company asserting causes of action for misappropriation of trade secrets and trespassing. Legal defense expenses and settlement costs exceeded $500,000.
- **Business risk** – The buyer of a coin-operated laundry business accused the seller (owner) of knowingly making false statements regarding the business's profitability. The buyer sued the seller (owner), claiming intentional misrepresentation, fraud and negligent misrepresentation. He sought reimbursement of his losses and rescission of the purchase agreement. Legal defense expenses and settlement costs to the business were approximately $725,000.
- **Government actions** – The government accused a transportation company of promising free goods and services to airline executives in return for airport security contracts. It filed a criminal indictment against the transportation company's directors and officers claiming conspiracy, misconduct by a corporate official, commercial bribery and theft. The transportation company paid nearly $1 million in defense costs.





A company can only protect itself and its directors, officers and board members to the extent of its resources. The financial impact of litigation can be staggering. Both the assets of the company and the personal assets of the company's directors, officers and board members may be at risk.

Travelers coverage solution

Private Company Directors & Officers (D&O) Liability coverage is designed to address these exposures. Unique to Private Company D&O policies is a breadth of coverage offered for claims against the corporate entity itself, in addition to its directors, officers and board members.

There are several other coverage features designed to offer greater protection to a Travelers insured:

- Duty to Defend – 100% allocation of defense costs
- Reimbursement of corporate entity expenses for their indemnification obligations to their directors and officers
- Coverage for civil and criminal regulatory investigations
- Experienced claim adjusters and outside counsel to manage claims

Litigation from competitors, suppliers, customers, shareholders and regulators is difficult to predict and is increasingly common. These events are tremendously challenging for a privately held company. Travelers Private Company Directors & Officers Liability coverage not only eases the insured's financial risk but allows the insured to maintain their focus on operating their business.

Why Travelers?

- We've provided effective insurance solutions for more than 160 years and address the needs of a wide range of industries
- We consistently receive high marks from independent ratings agencies for our financial strength and claims-paying ability
- With offices nationwide, we possess national strength and local presence
- Our dedicated underwriters and claim professionals offer extensive industry and product knowledge

Travelers knows Directors and Officers Liability.

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