



Why Private Companies Need D&O Insurance

- Directors & Officers Insurance provides coverage for non-indemnifiable claims as well as provides reimbursement to the company when it is permitted to indemnify it's Directors & Officers.
- Directors & Officers Insurance can protect the personal assets of a director or officer, his or hers spouse's personal assets as well as the assets of their estate.
- Directors & Officers are subject to claims brought by private shareholders for inadequate or inaccurate disclosure, including financing reporting and statements made in private placement materials.
- Complex claims brought by competitors, such as unfair competition claims or anti-trust claims against Directors & Officers can generate sky high defense and settlement costs.
- Investigations by government and regulatory agencies can generate enormous defense costs, even if ultimately it is established no wrong-doing occurred.
- Company assets can be closely tied to the personal wealth of Directors & Officers; coverage for claims made solely against the company provide an important financial benefit to the Directors & Officers.
- Customers and clients are increasing bringing third-party discrimination claims against private company Directors & Officers.
- Directors & Officers Insurance from a quality carrier can take private companies through their IPO and safely into public ownership.
- With D&O coverage in place, busy Directors & Officers can remain focused on managing the company and it's earnings, rather than diverting attention to protracted and costly litigation.

AVERAGE DEFENSE COSTS

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|---------------|----------------|
| Shareholders: | \$ 1.1 Million |
| Competitors: | \$ 1.1 Million |
| Employees: | \$ 126,846 |
| Government: | \$ 790,290 |
| Customers: | \$ 1.7 Million |

AVERAGE PAYMENT AMOUNT

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|---------------|-----------------|
| Shareholders: | \$ 9.6 Million |
| Competitors: | \$ 2.2 Million |
| Employees: | \$ 242,175 |
| Government: | \$ 17.9 Million |
| Customers: | \$ 3.4 Million |