

Directors and Officers (D&O) Insurance for Private Companies: Protect Leadership. Preserve Confidence.

Directors and Officers (D&O) insurance is an essential form of liability coverage for individuals in leadership positions within a company. It helps protect both the individuals and the organization from covered lawsuits brought by shareholders, customers, vendors, and competitors.

Here are several compelling reasons why organizations of all sizes should consider purchasing D&O insurance:

1. Protection Against Personal Liability

Directors and officers can be held personally liable for decisions made on behalf of the company. D&O insurance safeguards their personal assets against lawsuits alleging mismanagement or breach of duty. This coverage typically extends to past, present, and future directors and officers. With this safety net in place, leaders are empowered to make bold, strategic decisions without the constant fear of personal financial loss.

2. Attracting and Retaining Talent

Talented executives and board members often require D&O coverage as a condition of joining a company. It provides peace of mind that they won't be financially ruined by legal claims related to their corporate duties.

3. Investor and Stakeholder Confidence

Investors, especially venture capitalists and private equity firms, often require D&O insurance before investing. It signals that the company is managing risk responsibly.

4. Balance Sheet Protection

Without D&O insurance, a company may have to use its own funds to cover legal expenses and settlements. Legal defense in corporate lawsuits can be extremely expensive, even if the case is ultimately dismissed. This can significantly impact the company's financial health. D&O insurance helps preserve the balance sheet by absorbing these costs.

5. Protection in Mergers and Acquisitions

During Mergers and Acquisitions (M&A) activity, directors and officers are at heightened risk of being sued by shareholders, employees, or other stakeholders. M&A can expose directors and officers to heightened legal risks, including claims of misrepresentation, breach of fiduciary duty, or failure to disclose material information.

Hamilton Select Insurance Inc. targets small to mid-sized hard-to-place and distressed accounts in the US excess and surplus (E&S) space, and is rated A- (Excellent) by A.M. Best Company, Inc.

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