

---

## BUSINESS INSURANCE.

---

# Directors and officers liability insurance is crucial for midsize private firms

Posted On: Nov. 03, 2013 6:00 AM CST



**Judy Greenwald (mailto:jgreenwald@BusinessInsurance.com)**

ADVERTISEMENT

Mid-market, private firms should obtain directors and officers liability insurance to protect their directors' assets

and their own balance sheets, some experts say.

Industry data indicates that only 30% to 40% of the private company and nonprofit D&O market buys the coverage, said Alton Moore, San Francisco-based assistant vice president of specialty casualty underwriting at Liberty International Underwriters, a unit of Liberty Mutual Group Inc. unit.

“These claims can be quite costly, so therefore you want to protect your balance sheet,” said Phil Norton, Chicago-based president of the professional liability division of Arthur J. Gallagher & Co.

Obtaining this coverage also protects the assets of the private company's owners, who often number just a few, said Mr. Norton.

“Even if the claims are meritless, you still need to have that indemnification to back you up to pay those legal bills,” said Beth Goldberg, New York-based senior vice president and head of middle market at Zurich North America.

“Why use your balance sheet to protect you from an error or omission as manager, when there are products out there where you can transfer that risk for a set price?” asked De'Andre Salter, founder and CEO of Warren, N.J.-based Professional Risk Solutions L.L.C.

“When you compare defense cost exposure to the amount of premium, to me it's a no-brainer,” said Spiro K. Bantis, a partner with law firm London Fischer L.L.P. in New York.

“I do expect more and more private companies to consider purchasing the coverage,” said Liberty Mutual's Mr. Moore. “Given the visibility and awareness of recent litigation against private companies, I think it's fair to say that nonbuyers would be beginning to buy” the coverage.

Ms. Goldberg warned, however, that D&O policies vary.

“Make sure you look at the policy's terms and conditions” to ensure they match with your risk profile and desired risk transfer, she said.

---