



# **Securing the future:** Tailored insurance solutions for PE/VC firms and their portfolio companies

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Understanding the risks  
in **private equity and  
venture capital**

# High risks

PE and VC firms operate in high-stakes environments where capital deployment and strategic growth initiatives are paramount. **But** with high returns come high risks.



Investment  
management liability  
(IMI) exposure



Regulatory and  
compliance risks



Management liability  
for fund managers  
and directors



Breach of fiduciary  
duty claims



Litigation risks from  
investors, regulators,  
and portfolio companies

# So, how do we **mitigate these risks?**

Let's explore tailored insurance products designed for PE/VC firms

## Key insurance coverages:

- **Investment management insurance (IMI):** Covers fund managers against claims of mismanagement, breach of fiduciary duty, or regulatory investigations.
- **Directors & officers (D&O) insurance:** Protects executives from lawsuits alleging mismanagement or failure to act in the best interests of investors.
- **Errors & omissions (E&O):** Shields firms from claims of professional negligence and failure to deliver investment services as expected.
- **Cyber liability insurance:** Critical for protecting against data breaches, ransomware attacks, and regulatory fines.
- **Key person insurance:** Protects against financial loss due to the death or disability of a key executive or fund manager.

# Insurance protection for portfolio companies

Now, let's talk about portfolio companies—often high-growth businesses with unique risks. A single uninsured or underinsured claim can significantly impact the investment returns for PE/VC firms

## Must-have coverages for portfolio companies:

- **D&O insurance:** Essential for startups and high-growth firms to attract top leadership talent.
- **Reps & warranties insurance (RWI):** Protects against breaches of representations and warranties in M&A transactions.
- **Employment practices liability insurance (EPLI):** Covers discrimination, harassment, and wrongful termination claims.
- **Cyber insurance:** Mitigates data breach and business interruption risks.
- **Property & casualty insurance:** Provides fundamental coverage for physical assets and liability risks.

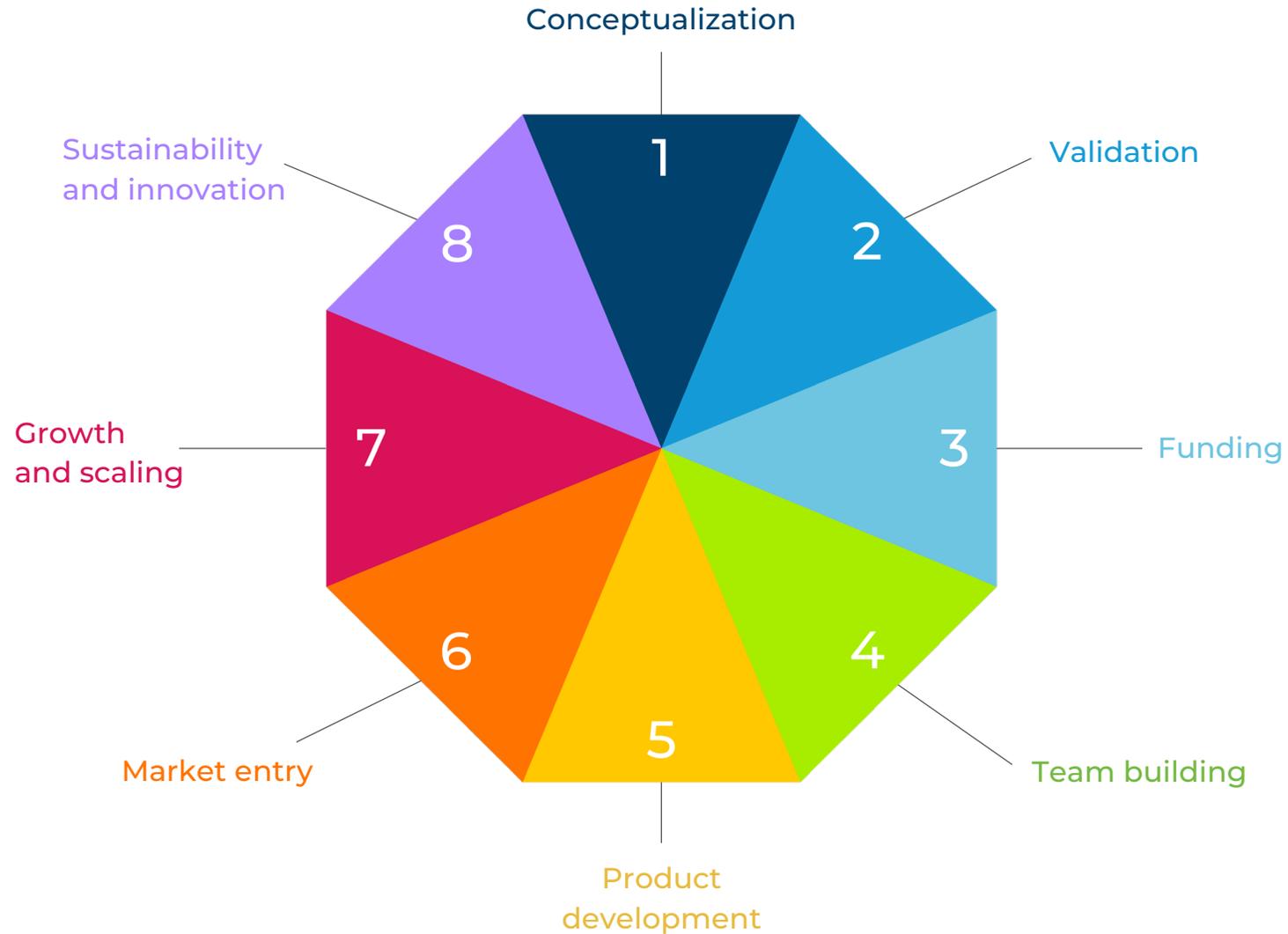
# The **broker's role** in adding value

As insurance brokers, you play a crucial role in bridging the gap between complex risk exposures and tailored insurance solutions. Here's how you can add value:

- Partner with PE/VC firms to offer a holistic risk management approach.
- Educate clients on the importance of securing comprehensive coverage early.
- Advocate for customized solutions rather than off-the-shelf policies.
- Stay ahead of regulatory trends impacting PE/VC firms and portfolio companies.

CFC unique **comprehensive solution** for PE/VC and their portfolio companies

# The journey of a **portfolio company** – from idea to reality



# Insurance solutions

CFC can offer insurance solutions for each one of the steps

1

At the beginning, a portfolio company's directors may only want to spend money on cover for themselves! CFC has a **comprehensive management liability** offering that covers directors' and officers' liability.

2

**Cyber insurance** comes into play as soon as a portfolio company is setting up their systems, storing data and receiving funding. CFC is a **market leader** in cyber solutions for SME businesses across the globe.

3

When the portfolio company is beginning to operate, they will likely want to expand their protection by purchasing some E&O cover. CFC has a suite of specialist **E&O-led products** that are tailored to cover the unique needs of portfolio companies. This includes fintech, tech, IP, eHealth, life sciences, media & entertainment and manufacturing.

4

Once the portfolio company is well-established, they may be approached by potential buyers to sell them the business. CFC's transactional liability team offers **seller protect**; an innovative insurance policy designed specifically to protect sellers of small businesses from the **risks** they face during an M&A transaction.

CFC and the future of  
**insurance cover** serving  
the PE/VC ecosphere

# Innovative solutions for the PE/VC ecosphere

A 'one stop shop' solution for PE/VC funds, their portfolio companies and M&A activity

## Investment management insurance

Investment management insurance for PE/VC funds with a **broad appetite** for investment strategies

## Portfolio company management liability

Directors' and officers' liability and employment practices liability for portfolio companies across a **diverse range** of industries

## Transactional liability

Reps & warranties insurance. SME transactions written by our **TLPE team**

# Key take aways

1. PE/VC firms and their portfolio companies face **unique risks**

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2. The **right insurance strategy** is critical to mitigating those risks and ensuring long-term success

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3. As brokers, you have the opportunity to be **strategic advisors**, helping clients navigate this complex landscape

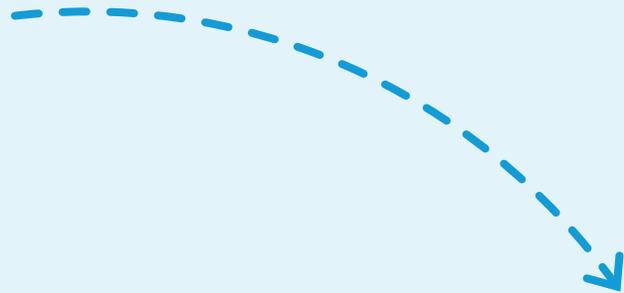
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4. CFC offers the **insurance solution** to help you helping your clients

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"The best way to predict the future is to **create it.**"

Peter Drucker



Want to explore tailored solutions  
for your clients?

**Let's connect!**

Reach out to us at [pcooper@cfc.com](mailto:pcooper@cfc.com) or [jgill@cfc.com](mailto:jgill@cfc.com) to discuss how we can support your brokerage in offering best-in-class coverage.

