

# General Partnership Liability (GPL)

Insurance for private equity/alternative investment funds



Turbulent economic times can create greater risks for fund managers, with administration errors potentially leading to greater financial losses. Marsh's team of private equity and acquisitions insurance specialists can help you review your current insurance program to assess the extent to which it can be expected to provide coverage in the event of a claim and assist you in designing a program that is most suitable to your risks.

Poor overall market performance can affect virtually every firm's investment results, increasing the risk of litigation by disgruntled investors at a time when a firm's resources to defend such claims tend to be stretched thin.

Further, new rules released by the US Securities and Exchange Commission (SEC) mean that private equity firms have become the subject of even closer scrutiny by the SEC itself, as well as the Department of Justice (DOJ) and other regulatory agencies. These include the updated marketing rule, a requirement for annual audits to test managers' valuations of fund assets, and a requirement for limited partners to agree that the fund will pay compliance costs.

## Challenging landscape heightens need for appropriate insurance protection

During this challenging economic period and amidst increased regulation and heightened scrutiny, the presence of a well-designed management and professional liability insurance program becomes even more important, providing businesses and their senior leaders with critical protection.

Private equity firms typically build programs that contain the following coverages:

- **General partner liability (GPL):** A blended policy form containing both directors and officers liability (D&O) and professional liability insurance coverage. It can provide protection for the general partners and investment advisor of an insured fund against a range of potential liabilities, including claims made by investors and other plaintiffs against a firm's executives, as well as informal investigations brought by a regulatory body. A unique feature of a GPL policy is that it typically extends to provide protection to employees who are requested by their firm to sit on the board of a portfolio company.
- **Employment practices liability (EPL):** Protects the investment company, managers, and employees against employment-related suits, such as claims of harassment, discrimination, and wrongful termination.
- **Fiduciary liability:** Protects the investment company against claims related to the administration of benefit and welfare plans that are provided to employees. Coverage can be extended to investor suits brought by plans protected by the Employee Retirement Income Security Act (ERISA).
- **Financial institutions bond:** Protects against losses resulting directly from dishonest or fraudulent acts committed by an officer, partner, or employee of the fund, advisor, underwriter/distributor, transfer agent, or administrator with the intent to cause a loss or to obtain financial benefit.

## Why Marsh?

Marsh's Private Equity and Mergers & Acquisitions (PEMA) team has more than 25 years of experience delivering comprehensive services across the investment lifecycle. Our specialists have a deep understanding of the unique set of challenges that our clients face as they seek to create and protect value while investing across a diverse range of industries.

From fundraising, acquisition, and asset management to divestment activities and exits, Marsh's team of PEMA insurance specialists can help you enhance deal value, improve capital returns, and drive operational resilience through the portfolio of companies in which you are investing.





## About Marsh

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1166 Avenue of the Americas, New York 10036

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