

Travelers Bond & Financial Products General Partnership Liability

Every day your customers create exposures to costly liability claims just by doing business as a partnership. In today's increasingly litigious environment, your customers could be subject to the allegations of an unhappy partner, client or competitor who feels they've been harmed by your customer's actions—or inaction. The cost to defend even the most frivolous of claims can be financially devastating for uninsured general partners. Standard directors and officers policy language does not sufficiently protect against exposures for partnerships. Partnership liability coverage addresses the gaps in coverage that may exist for partners and partnership entities. Even when claims are without merit or do not result in large settlements or jury verdicts, the expense associated with defense can be substantial.

Travelers Bond & Financial Products coverage is in-synch with the specific legal structure of partnerships and responds to the unique risks inherent to the fiduciary duties of general partners.

Key policy features and benefits

- Entity coverage for partnership organizations
- Coverage for additional scheduled partnerships
- Automatic coverage extension for subsidiaries and general partners
- Includes claims brought by limited partners
- Outside position coverage for insured persons
- Wrongful employment practices coverage
- Coverage for employees of organization general partner
- Definition of loss includes punitive and multiplied damages
- Definitions specifically tailored to partnership entities
- Broad definition of claim (including demand for non-monetary relief)
- Broad definition of insured to include general partners, named partnership, additional partnerships and subsidiaries
- Full severability
- Policy non-cancelable by insurer except for non-payment of premium

- Policy form is in-synch with specific legal structure of partnerships
- Coverage responds to unique risks posed by fiduciary duties of general partners

Why your customers need protection

General partnership liability provides critical coverage, protecting your customers' entity's assets as well as your customers' personal assets from the potentially catastrophic costs of mounting a defense. Consider the following claim examples:

Misuse of funds

Limited partners sue an individual general partner for failure to provide the promised return-on-investment for an oil drilling company set up as limited partnership.

Breach of fiduciary duty

Members in a real estate limited partnership sue a general partner for allegedly purchasing the most lucrative tracks of land for himself, thereby depriving them of potential income. Limited partners claim the general partner breached his fiduciary duties and made misrepresentations.

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Unsound investments

Limited partners of a limited partnership derivatively sue members of a general partner LLC alleging unsound investments.

Misrepresentation

Limited partners sue directors and officers of the corporate general partner of the limited partnership for misrepresentation in the sale of partnership interests.

Breach of fiduciary duty

Limited partners sue general partners of limited partnership as a class for breach of fiduciary duty based on alleged misrepresentations of partnership assets.

Coercion

Members of a general partner LLC sue the manager of the LLC, alleging breaches of fiduciary duty and contract, and alleging the manager coerced them into selling back their ownership interest at artificially low price.

Business interference

A business competitor sues an insured limited

partnership investment company for hiring several of the competitor's employees, alleging interference with contract and interference with prospective economic damage.

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- A.M. Best* has assigned Travelers a financial strength rating of A+ (Superior)
- With over 50 offices, we possess national strength and local presence
- Our dedicated claim group offers extensive industry and product knowledge

Get the protection you need, today and tomorrow

To learn more about Travelers Bond & Financial Products or general partnership liability coverage, contact your underwriter or visit travelersbond.com

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