



The Allen Thomas Group Explains the Importance of D&O Insurance for a Business

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The Allen Thomas Group, an independent insurance agency based in Akron, OH, has explained in a new blog post why D&O insurance can be a game-changer for a business. This kind of insurance has become a necessity for businesses because of the drastic increase in the risk of personal liability for directors and officers. A D&O insurance can save the company by protecting the company's vital decision-makers from individual liability and help the business avoid catastrophic financial losses.

Joe Race, CEO of The Allen Thomas Group, says, "D&O insurance, or Directors and Officers insurance, can provide several key benefits for businesses. It can protect directors and officers from personal financial loss due to legal action taken against them while serving in a leadership role and offer protection for the company itself. Additionally, it can help attract and retain top talent by providing an added layer of security. This specialized coverage forms the foundation of any comprehensive risk management program, offering essential protection for businesses and their leaders against legal liabilities."

D&O insurance is important because there is always the possibility of having an aggressive regulator, an unsatisfied shareholder, or other stakeholders who accuse the directors and officers of wrongful actions, such as breach of fiduciary duty, mismanagement, or even securities fraud. Such allegations may lead to lawsuits that could be costly for the company and also negatively affect the business's finances. The main purpose of D&O insurance is to offer financial protection for the directors and officers against those allegations. It serves as a shield, preventing their assets from being seized in case of litigation.

Joe Race explains, "Lawsuits targeting directors and officers have become increasingly common in today's litigious society. Without proper protection like D&O Insurance, these claims can have severe consequences for both individuals and businesses. However, with the right coverage, companies can effectively mitigate liability claims and minimize potential damage. D&O Insurance covers legal defense costs, settlements, and judgments arising from covered claims against directors and officers."

One vital aspect of D&O insurance is its function in ensuring leadership continuity for a business. Losing a key executive for the business can have a negative impact on operations, particularly when there are no contingency plans. Businesses can include "entity coverage" into their D&O policy to protect themselves against financial losses that may be incurred when a key member of the management team suddenly leaves or gets incapacitated.

In addition, D&O insurance plays a vital role in the financial continuity of the business by protecting the assets of directors and officers. Without D&O insurance, the personal assets of executives may be at risk when they face personal liability because of wrongful acts, including negligence or breaches of fiduciary duty. The insurance coverage makes personal assets distinct from corporate liabilities, protecting business leaders from catastrophic financial losses.

Meanwhile, a comprehensive D&O insurance policy has three primary components. Side A coverage provides direct protection for individual directors and officers when the company cannot indemnify them. This protects their personal assets. Side B coverage reimburses the company when it has to indemnify its directors and officers for covered claims. Side C coverage covers claims made against the company itself, preventing financial losses from covered securities-related claims.

Established in 2003 by Joe Race, The Allen Thomas Group has gained the reputation of being a leading provider of risk management and financial solutions to both individuals and businesses. Joe Race, who serves as the CEO, graduated from The University of Akron and began his career as an investment advisor in the 1990s but he soon realized that his customers also needed protection for their investments. When the company was launched, ATG helped clients by providing insurance solutions for their needs. Currently, The Allen Thomas Group offers a comprehensive service and customized business insurance solution using a number of insurance carriers to ensure the most suitable D&O insurance coverage for customers at a

reasonable rate.

Those who would like to learn more about D&O insurance can check out their LinkedIn article at <https://www.linkedin.com/feed/update/urn:li:activity:7087814553752797184> or visit The Allen Thomas Group website or contact them on the phone. They are open from 9:00 am to 5:00 pm, from Monday to Friday.

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The Allen Thomas Group

The Allen Thomas Group offers a wide range of insurance options, including both customized personal and business insurance.

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