

Relevant Exposures:

Risks in Investments:

- Investor returns fall short of expectations
- Investors claim suitable investments were not made by the General Partners or Manager of a Limited Partnership or LLC
- Investors claim a conflict of interest
- The offering memorandum or sales literature omit material disclosures or contain misleading statements
- The General Partner or Manager fails to perform his fiduciary duty or contractual obligation
- Competition – A sponsor of a partnership or LLC frequently operates or controls other businesses which may be in competition with the partnership or LLC.

How Coverage Works:

- Manager manages the operations of the LLC and owes a fiduciary obligation to the Members.
- LLC insurance policy covers the Managers and protects against litigation (Claim) arising out of Wrongful Acts
- In a Claim, if the Manager is NOT entitled to indemnification from the LLC, a LLC policy pays directly to the Manager for Loss. If the LLC indemnifies the Manager for Loss, a LLC policy pays the LLC for such indemnification.
- The Members are never covered as an insured.
- If the Manager is a corporation, coverage is provided to the corporation as Manager. Coverage is also extended to the Directors and Officers of the corporate General Partner
- Attorney costs and fees, as well as judgment and settlement amounts are generally covered as loss

Purchase Coverage for:

Real Estate

- Equity Programs: Purchase ownership interests in real estate and seeks to provide returns to investors in the form of cash flows from property operations and sale of properties.

Need:

- Application + copy of Partnership Agreement(s) or Operating Agreement (LLC)
- Financial Statements for each Partnership / LLC / Company
- Org. chart / ownership breakout with list of Limited Partners/Members by %, for each Partnership/LLC/Company

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