



Guide to Insuring Fund Liability Risks for Venture Capital and Private Equity Firms

Key considerations in today's litigation
and regulatory environment

2026 EDITION



Introduction

Gallagher is a trusted leader in fund-level General Partnership Liability (GPL) insurance for asset managers. In today's environment, it's critical for venture capital (VC), private equity (PE) and alternative asset managers to maintain a comprehensive insurance program to protect general partners, directors and officers from litigation, regulatory scrutiny and other types of losses.

Leveraging decades of expertise, Gallagher's Private Equity and Venture Capital group developed this annual guide to provide asset managers with a clear understanding of the GPL insurance landscape.

This guide serves as an overview and a starting point. It is not a comprehensive list of coverage, market and risk considerations. Each firm's exact coverage needs depend on its unique risk profile. Coverage can also vary significantly depending on the broker and insurer partners chosen to transfer the GPL risk.

For these reasons, it is essential to work with experienced brokers who understand your risk profile and have specific expertise in the GPL space. In most cases, an experienced broker will have negotiated manuscript coverage forms or specific amendatory endorsements that enhance coverage beyond the "basic" or "core" coverages. The best brokers will also have their coverage forms periodically vetted and reviewed by outside counsel.

Another key consideration when choosing a broker partner in the GPL space is historical claims experience. We have been tracking GPL claims for over 30 years, and our database of claims scenarios is extensive. After working on over 2,000 claims for financial institutions and asset managers, we have built a claims management platform that helps clients close claims with greater certainty, faster outcomes and higher efficiency.

The first section of this guide provides an update on the GPL insurance market and coverage. The second section explores the regulatory and litigation risk environment for asset managers in 2026.



2026 GPL Insurance Market Trends and Coverage Insights

Pricing environment: Stable but facing pressure

The GPL insurance market in 2026 has transitioned away from the “soft market” of previous years, with double-digit year-over-year premium decreases now a rarity. While some asset managers with low-risk business models and minimal historical claims activity have seen modest premium reductions, the market overall remains relatively stable.

In the upcoming summer 2026 renewal cycle, when many GPL programs will be up for renewal, we expect this stability to continue. However, GPL pricing remains under pressure from opposing market forces. On one hand, ample market capacity continues to drive strong competition among carriers, resulting in attractive terms and pricing. On the other hand, higher claims frequency in recent years has led some carriers to seek profitability improvements, potentially driving up premiums.

We see a variety of GPL claims, but the most frequent involve portfolio company issues, often manifesting as Outside Directorship Liability (ODL) claims.



ODL coverage protects investment firm partners when sued in their role as portfolio company board members, particularly when the company’s insurance program is insufficient.

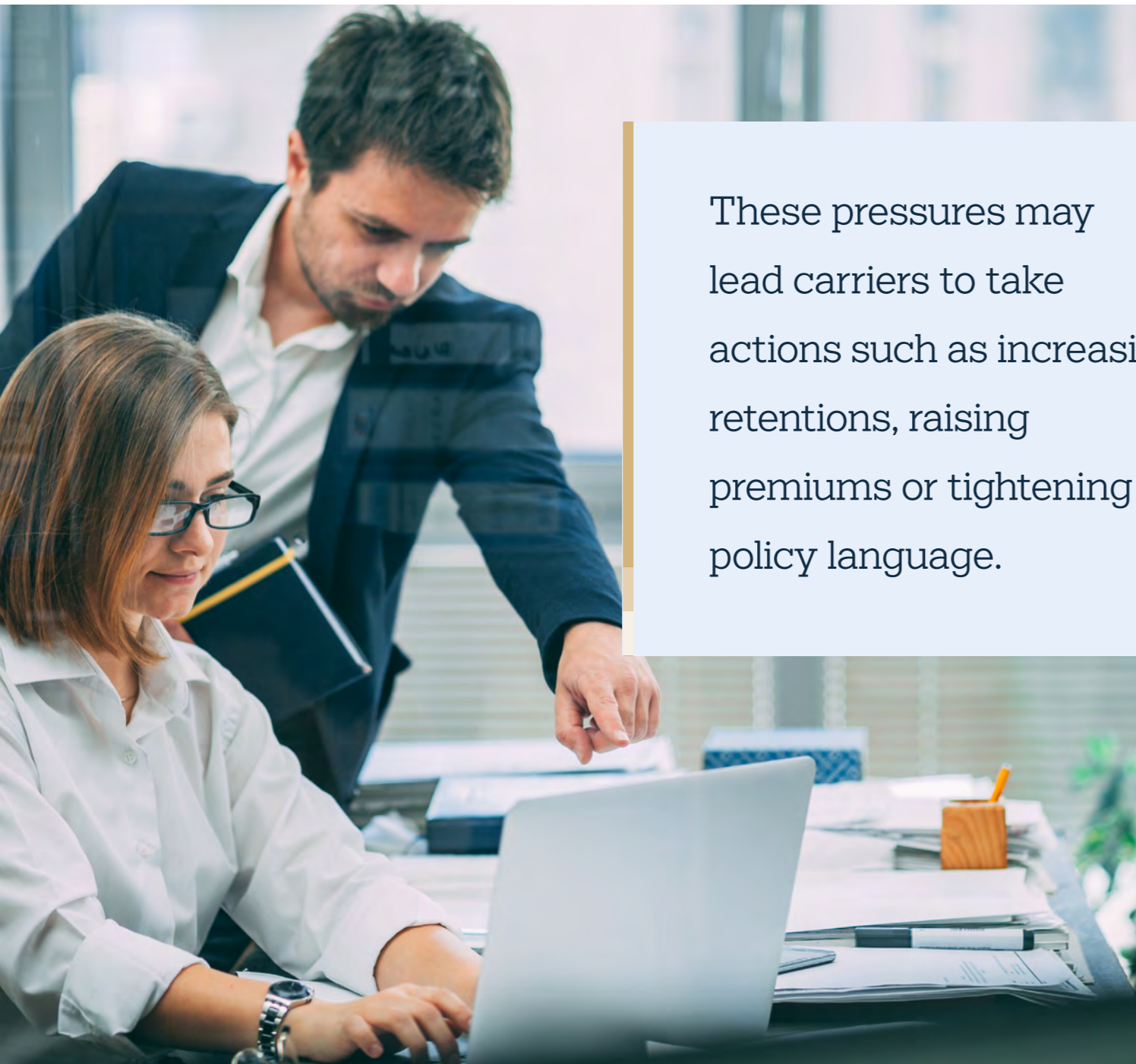


For venture capital firms, ODL claims are relatively common, particularly in insolvency scenarios. However, with appropriate portfolio-company-level insurance, high losses at the GPL program level are generally rare. For traditional buyout firms, portfolio-company-related claims, including ODL claims, tend to be more severe. Given majority control positions and multiple board seats, PE firms are sometimes directly implicated and drawn into litigation earlier. This creates a direct line to tapping both the portfolio company D&O policy and the GPL policy. Underwriters are well aware of this dynamic.

While ODL remains the most common source of claims, regulatory investigations have also been a significant source of claims for some asset managers in recent years. Although federal agency leadership has signaled a more constructive regulatory approach, old claims from prior years continue to drive losses for carriers.

Additionally, rising hourly defense counsel billing rates are contributing to increased pressure on carriers in the GPL space. Government investigations and financial services litigation are high-stakes affairs, and the best defense practitioners command high (and growing) fees. These higher defense costs have caused claims payouts to increase, negatively impacting insurer profits.

With this landscape in mind, for 2026 renewals, underwriters are expected to closely examine investment manager business models, portfolio company risks and claims histories. Firms with recent claims activity may face premium increases, while claim-free firms should expect mostly flat premiums, assuming a strong and strategic market approach.



These pressures may lead carriers to take actions such as increasing retentions, raising premiums or tightening policy language.

Strategic renewal planning in a transitioning market

The GPL market is at an inflection point, with pricing and retentions bottoming out while coverage has broadened significantly.

In upcoming renewal cycles, VC and PE firms with clean risk profiles and favorable loss histories may still achieve flat or near-flat renewals. However, firms with claims or significant changes in exposure may face more challenging renewal conversations. For asset managers who have benefited from underpriced programs in recent years, a market correction may be on the horizon.

How can you prepare?

Preparation is key to a successful renewal cycle in this transitioning market. Engaging in early and transparent discussions with your broker about renewal expectations can ensure a smoother process and prevent surprises.

Consider alternative program structures and be open to discussions with underwriters to reinforce existing carrier relationships and establish new ones. Long-term incumbent relationships can be instrumental in negotiating favorable renewals and streamlining the claims process.

Strong broker relationships are essential for navigating a transitioning market. Choose a broker who understands your business, anticipates market dynamics and communicates proactively. An experienced broker should drive competition for your program and secure the best combination of strong carriers, optimal pricing and expansive coverage.

The sustainability of broad GPL coverage

Over the past several years, GPL coverage triggers in VC and PE policies have evolved to be extremely broad, resembling “all-risk” policies that respond unless a claim is explicitly excluded. These changes occurred as pricing and retentions declined, while claims frequency and severity increased.

In a dynamic renewal environment, consult with your broker on strategy. Does it make sense to trade certain coverage for price savings? Or is it worth incurring a modestly higher premium or retention to preserve broad GPL coverage? An expert broker can help you navigate these competing considerations.

Regulatory and Litigation Risk Update

As the GPL insurance marketplace adjusts to the litigation and regulatory actions from prior periods, the risk landscape in 2026 is dynamic.

On one hand, federal financial regulators have signaled a pivot away from the perceived “regulation-by-enforcement” approach of the previous administration. Critics pointed to past initiatives, such as the “off-channel communications” cases brought against asset managers and broker-dealers from about 2020 to 2024, as examples of that approach. While commentators expect regulators to pursue fraud cases, “broken windows” enforcement actions based on technical violations may decline.

At the same time, we do continue to see regulators pursuing technical enforcement investigations against asset managers, suggesting a fluid — and somewhat unpredictable — regulatory enforcement environment. If there is indeed a downturn in federal enforcement actions, some predict that state regulators would step into the breach (although they have significantly fewer resources to devote to enforcement).

On the rulemaking front, the Financial Crimes Enforcement Network (FinCEN) postponed the effective date of new anti-money-laundering and know-your-customer (AML/KYC) rules for investment advisers. However, the SEC’s amendments to Regulation S-P — which impose significant new incident response requirements on registrants — went into effect for larger advisers at the end of last year.

For asset managers with a footprint in the crypto industry, emerging legal and regulatory frameworks provide cause for optimism. Over time, new rules may also lead to renewed regulatory scrutiny over whether firms are complying with those requirements.

In crypto and in the broader markets, valuations, AI-related disruption and uncertainty, and volatility will be key factors weighing on the risk landscape for asset managers.

In the face of unpredictable economic conditions, insurance should provide a reliable and predictable backstop to mitigate your risk.



Financial services regulatory
enforcement and litigation are heavily
influenced by market conditions.

In an era of evolving regulations, market volatility and economic uncertainty, a well-structured insurance program is not just a safeguard; it's a strategic advantage to protect your business, navigate risks and ensure resilience in the face of the unexpected.



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