



Beth S. Goldberg

**EDITORS' NOTE** Prior to joining Starr, Beth Goldberg was Senior Vice President, Head of Middle Market and Regional Financial Services for the United States and Canada for an international carrier. She held a number of management positions including head of the public emerging markets. She was also Assistant Vice President at a national brokerage. Goldberg received a bachelor's of science degree from the University of Massachusetts.

**COMPANY BRIEF** Starr Companies (Starr; starrcompanies.com) is the worldwide marketing name for the services offered by the operating insurance and travel assistance companies and subsidiaries of Starr International Company, Inc. and for the investment business of C.V. Starr & Co., Inc. Starr's talented and experienced associates manage risk and ultimately support the profitable growth of organizations in a dynamic, competitive, and ever-changing marketplace. With a presence on five continents, Starr provides property, casualty, and accident & health insurance products as well as a range of specialty coverages including aviation, marine, energy and excess casualty insurance. Starr Companies also provides a broad spectrum of insurance-related services, including claims handling and settlement, reinsurance, risk assessment, and loss control. Their leadership and expertise help clients succeed in an ever-changing world of risk.

#### What is the most important trend adversely affecting executives?

The cost to defend securities class action litigation continues to trend upward. The \$6 billion of approved settlements in 2016 was nearly double the total settlement value in 2015, Cornerstone Research and Stanford Law School Securities Class Action Clearinghouse reported.

Further, securities class action litigation lawsuits are rising at an alarming rate. A record 127 cases have been filed in the first quarter of 2017, up from 64 cases for first quarter of 2016, according to Cornerstone Research.

# Protecting Executives from Risk

An Interview with Beth S. Goldberg,  
Chief Underwriting Officer, Financial Lines, Starr Companies

By the end of 2016, Cornerstone Research reported that 270 new federal securities class action cases were filed with 80 of them stemming from merger and acquisition transactions.

The year 2016 marks the highest number of securities class action lawsuits filed since the aftermath of the 2000 dot-com crash, according to NERA Economic Consulting's report, Recent Trends in Securities Class Action Litigation: 2016 Full-Year Review.

#### What does this mean to executives?

These reports highlight a concerning trend. The more cases are filed, the greater the chance that executives could be exposed to legal liability. Even if a case is groundless or meritless, directors and officers still need to be defended, which can be costly.

in the financial documents or false forward-looking statements.

Directors and officers also need to be part of the process when purchasing D&O liability coverage. However, D&O policy contracts, whether for primary or excess coverage, are not created equally.

#### How can executives ensure they have the appropriate D&O coverage?

Most executives know the insurer should be financially strong and highly rated. It's also important to peel back the layers to consider exactly what an insurance company is offering. Coverage, risk management tools, service, underwriting, and claims expertise should all be part of the D&O package.

Quality insurers will offer mitigation assistance by effectively informing clients of new developments and potential risks through white papers, newsletters, and webinars. Another critical component is an experienced in-house claims team made up of professionals who have significant experience. At Starr, our D&O claims professionals all trained as attorneys.

Best-in-class insurers also understand that the most effective way to maintain positive customer experiences is to help prevent exposures that lead to losses.

#### What other trends do executives need to know about?

Fraudulent impersonation is a growing trend targeting organizations of all sizes. This occurs when a bad actor impersonates a vendor and induces an individual at a company to pay invoices or transfer money.

There is a growing demand for fraudulent impersonation coverage because public, private, and not-for-profit organizations are seeing an increase in this exposure. To stay ahead of this emerging threat, Starr is offering unique risk management tools to our fidelity insureds. Our offerings include training modules and downloadable best practices guides through our partner, KnowBe4.

#### Any final advice?

As an executive, I cannot stress enough how important it is for directors and officers to play an active role in purchasing financial lines coverage. Understanding what is covered, understanding the policy, and being aware of emerging threats that can result in liability are the best steps directors and officers can make to ensure protection. ●

■  
Fraudulent  
impersonation  
is a growing  
trend targeting  
organizations  
of all sizes.  
■

#### Are there any particular industries being more affected than others?

While this trend points to greater exposure for all executives, the Cornerstone Research report cites the greatest increases in securities class action suits against the biotech, pharmaceutical, and healthcare sectors.

#### How should executives protect themselves?

Directors and officers should be aware that most allegations in litigation, including class action lawsuits, arise out of misrepresentations