



The Baldwin Group: Companies May Be Over-Insuring Directors & Officers (D&O) Coverage by Millions, Study with Nasdaq Finds

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Joint analysis reveals many firms could be carrying \$10 million to \$20 million more in D&O coverage than risk profiles justify

TAMPA, Fla.--(BUSINESS WIRE)--May 29, 2025-- The Baldwin Group, in collaboration with Nasdaq, Inc. ("Nasdaq"), today released its 2025 Directors & Officers (D&O) Benchmarking Report, offering one of the most comprehensive views to date of D&O insurance trends across public companies by industry and market capitalization. Now in its fourth year, the report confirms a continuing decline in premium rates and retentions—but also reveals a growing disconnect between what companies are buying and what they actually need.

According to the findings, average premium costs and retentions continued to decline in 2024, extending a three-year trend of softening market conditions. Yet, the findings also raise new questions about whether companies are over-insuring relative to their true litigation exposure, potentially leaving meaningful cost savings on the table.

Average retention levels dropped from \$2.5 million to \$1.5 million, and the average premium for \$5 million in limits fell to \$277,985, down from \$315,222 last year. Technology and healthcare led all sectors in rate reductions at -15.0% and -13.6%, respectively. However, benchmarking data suggests many companies, especially mid-cap firms, are still buying far more insurance than they need.

"This year's data, like the past few years, still shows rates are coming down at renewal, however, we still believe most companies aren't deploying their capital strategically," said Michael Tomasulo, Senior Managing Partner & National Practice Leader at The Baldwin Group. "Our data shows that while a company may be purchasing \$40 million in D&O limits, their actual claims exposure might be a fraction of that – essentially purchasing limits they may never actually need."

According to data drawn from Stanford Securities Litigation Analytics and The Baldwin Group's own benchmarking, a public company with a market cap of \$500 million to \$1 billion faces an average settlement of \$8.2 million in a securities class action, with total risk exposure (after legal costs and other factors) ranging from \$12 million to \$15 million. Yet many companies in this cohort are purchasing up to \$40 million in coverage, signaling a potential over-insurance gap of \$15 to \$20 million.

"Too often, insurance decisions get treated as one-off transactions. At Baldwin, we take a different approach—advising companies on the smartest path forward based on their actual risk exposure, business goals, and capital priorities," said Dan Galbraith, President, The Baldwin Group and CEO, Retail Brokerage Operations. "This report gives leaders the clarity to right-size their D&O programs—not just to save money, but to ensure that every dollar spent supports the bigger picture of how they grow, govern, and protect their business."

The report also provides granular benchmarking for premium changes by sector and market capitalization size, enabling companies to compare their renewal experience against similar peers. While the market continues to soften with the overall average rate change in 2024 at -9.7%, the report emphasizes that premium savings mean little if programs remain misaligned with actual exposure.

For more details or to request access to the full report, visit www.baldwin.com.

ABOUT THE 2025 D&O BENCHMARKING REPORT

Produced in collaboration with Nasdaq, The Baldwin Group's D&O Benchmarking Report provides a data-driven overview of public company D&O program structures by industry and market capitalization. Findings are drawn from more than 250 companies and offer unique insight into the alignment between purchased insurance limits and real-world claim activity. Please note that this report should be used as a guide and does not constitute individualized financial advice. The full report is available to companies that completed the benchmarking survey.

ABOUT THE BALDWIN GROUP

The Baldwin Group, the brand name for The Baldwin Insurance Group, Inc. (NASDAQ: BWIN) and its affiliates, is an independent insurance distribution firm providing indispensable expertise and insights that strive to give our clients the confidence to pursue their purpose, passion, and dreams. As a team of dedicated entrepreneurs and insurance professionals, we have come together to help protect the possible for our clients. We do this by delivering bespoke client solutions, services, and innovation through our comprehensive and tailored approach to risk management, insurance, and employee benefits. We support our clients, colleagues, insurance company partners, and communities through the deployment of vanguard resources and capital to drive our organic and inorganic growth. The Baldwin Group proudly represents more than three million clients across the United States and internationally. For more information, please visit www.baldwin.com.

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This press release may contain various “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, which represent Baldwin’s expectations or beliefs concerning future events. Forward-looking statements are statements other than historical facts and may include statements that address Baldwin’s future operating, financial or business performance or Baldwin’s strategies or expectations. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “potential,” “outlook” or “continue,” or the negative of these terms or other comparable terminology. Forward-looking statements are based on management’s current expectations and beliefs and involve significant risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by these statements. Factors that could cause actual results or performance to differ from the expectations expressed or implied in such forward-looking statements include, but are not limited to, those described under the caption “Risk Factors” in Baldwin’s Annual Report on Form 10-K for the year ended December 31, 2024 and in Baldwin’s other filings with the U.S. Securities and Exchange Commission (the “SEC”), which are available free of charge on the SEC’s website at: www.sec.gov, including those risks and other factors relevant to Baldwin’s business, financial condition and results of operations. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. All forward-looking statements and all subsequent written and oral forward-looking statements attributable to Baldwin or to persons acting on Baldwin’s behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made, and Baldwin does not undertake any obligation to update them in light of new information, future developments or otherwise, except as may be required under applicable law.

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