CHICAGO UNDERWRITING GROUP

Issue 104 May 2016

CUG.COMments

A Newsletter from Chicago Underwriting Group

Underwriters of D&O and Professional Liability Insurance

In this issue … *we announce an expanded product initiative for private companies.*

Excess private-company management liability

For the 33 years that we have been underwriting D&O liability insurance, the focus has been providing solutions for publicly-held companies: primary traditional "ABC," lead Side-A only, excess traditional "ABC," and excess Side-A only. While we have not publicized it as much, private company excess submissions have always been welcomed, especially for the larger, more complex exposures.

Our appetite for the public-company sector will continue unabated, however we are upgrading and energizing our approach to private-company management liability, which in addition to "normal" directors and officers liability, typically encompasses employment practices liability (EPL) and fiduciary liability (FL).

Public companies may make more frequent and unwanted visits to the cover of the Wall Street Journal, but private companies also have their fair share of liability-related issues. Private companies generally are not subject to the same financial disclosure rules of their public counterparts. Balancing that factor, however, are more expansive coverage elements typically found in a typical private D&O policy form, such as the addition of coverage for the corporate entity for all claims, not just securities claims. There are myriad risks borne by the corporate entity, creating an "all-risk" type of policy exposure. Relatively high risk and broad coverage have reached an intersection where it has never been more important to purchase adequate limits from financially solid insurers.

An enhanced approach to excess private-company management liability

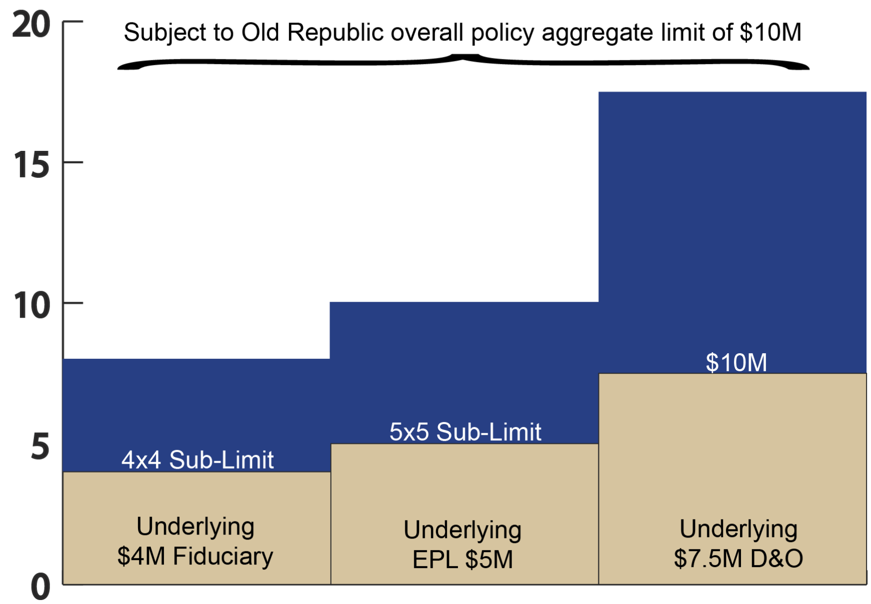
Chicago Underwriting Group has developed a cost-effective solution to ease the burden of deciding how much and where to buy private-company excess management liability protection in a world of increasing risk. Effective immediately, we will begin offering private-company excess liability either with a single "floating" aggregate that sits over a primary modular policy with a single carrier or with a single "floating" aggregate that sits over multiple lines of coverage with more than one primary carrier. In either case, we expect that the D&O will anchor the "floating" excess purchase.

Our coverage will be based on the current excess D&O form, ORUG-91, however we will be using two new endorsements that describe the policy's attachment excess of the various named underlying coverages including —but not necessarily limited to— directors and officers liability, employment practices liability and fiduciary liability. The endorsements allow us to follow multiple underlying programs with different limits and sublimit various coverages, as needed. See the illustration below for how this would work.

Floating Aggregate Limit with Policy-Type Sublimit

A shared overall aggregate limit "floats" over each underlying coverage; excess limits for specified underlying coverages may vary, and will generally match or exceed the primary limit provided.

Example Coverage Tower
"Floating" Attachment



We require that the primary insurer carries an A.M. Best rating of A (Excellent) or better and we can offer up to $10,000,000 in aggregate liability protection.

Please contact any of our underwriters for a copy of these endorsements, and with any other questions you may have. ❖

Chicago Underwriting Group:
A D&O market-maker for more than 30 years

Insurance contracts are underwritten by Old Republic Insurance Company, rated A+ (Superior) by A.M. Best, A2 Stable by Moody's, and A+ Stable by Standard and Poor's.

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