



# CUG.COMments

A Newsletter from Chicago Underwriting Group, Inc.  
Underwriters of D & O and Professional Liability Insurance

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## ***In this issue ...Reflections on the market, and our current capabilities.***

During the nearly 30 years that Chicago Underwriting Group has been underwriting D&O liability insurance, there has been an uneven series of extreme market conditions. We have seen the market capacity shrink, expand, shrink and expand again. Commensurate with that, we have seen coverage conditions narrow and broaden, and of course prices rise and fall.

In the current cycle —generally agreed to be one of ample capacity and soft pricing — it might be hard to imagine the straits of 1985 when programs for the largest corporate buyers were often measured in the low tens of millions, and a desperate constituency of large corporate insureds pooled funds to create their own insurer, which became Ace. At the other end of market, the lack of available general liability coverage for many everyday activities drove the federal government to pass the Risk Retention Act of 1986, permitting insurance buyers of a similar profile to combine, either to form mini-insurers for assuming the group's own risks, or to purchase coverage as a group from third party carriers.

Outside insurance, Apple launched its Macintosh computer in 1984, three years after the introduction of IBM's PC in 1981. These launches helped set the stage for today's digital world, but at that time, the telex and fax machines still ruled as communication devices.

### **Emulating Rip van Winkle**

A mythical D&O broker who fell asleep at the end of 1983 and woke up in the fall of 2010 would find the D&O insurance landscape almost unrecognizable. She would be startled to see many familiar insurers no longer in existence; she would find the basic D&O form expanded to embrace entity coverage, and the explosive growth of separate Side-A policies might also be surprising. The Dow Jones Industrial Average, currently around 11,000, was at 1,258 in December 1983, making our mythical broker perhaps wish she had invested more of her money in equities prior to her long sleep. However, luckily for the broker, she was renting an apartment in 1983, and so would find the current 30-year mortgage rate of around 4% more appealing than the 13% that was available in 1983.

### **The More Things Change...**

For our mythical just-awakened D&O broker, at least one thing would be reassuringly familiar: She would see that Chicago Underwriting Group was still writing D&O insurance for Old Republic Insurance Company, whose A.M. Best rating had improved to A+ from A during the intervening 27 years. In addition to its staying power and consistently solid security, here are some other reasons to submit business to Chicago Underwriting Group:

- In 2010, Old Republic was [selected once again](#) (PDF) by the Ward Group as one of the 50 top-performing U.S. property-casualty insurers.
- A [wide-ranging appetite](#) for public company D&O, especially on excess, with a particular preference for technology and life-science exposures.

- An aggressive approach to Side A-Only coverage: Virtually every sector can be considered, using our recently updated policy form, A-Side First.
- We have a capacity of \$15,000,000 for A, B and C coverage, with \$25,000,000 available for Side-A coverage.
- Our fast turnaround time for quotes, binders and policies is equal to the highest market standards.
- We now have the ability to issue original electronic policies to producers.
- The opening of a Denver office this year has enhanced our ability to serve the mountain and western states.
- A knowledgeable [underwriting team](#) ready to discuss your clients' needs and D&O programs. Our underwriters have an average industry experience of almost 17 years and average service with Chicago Underwriting Group of nearly 12 years.
- A seasoned in-house [claims team](#) with extensive experience in achieving an optimal resolution for D&O claims of all types.

We look forward to providing our brokers and policyholders with pragmatic and intelligent D&O solutions for many more years, regardless of the changes and challenges that will undoubtedly emerge. ❖

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