



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

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In this issue ... we introduce a new lead Side A-only policy.

INTRODUCTION

A decade ago, D&O policies that offered coverage solely for individual directors and officers were largely seen as novelties, questionable adjuncts to the traditional D&O policy that already covered the individuals for non-indemnified losses (under insuring agreement A), reimbursed the company when it did provide indemnification for its directors and officers (insuring agreement B), and covered the company itself for losses related to securities claims (insuring agreement C).

But embedding the individuals' "Side A" protection within the larger policy came to be seen as less than ideal. Corporate bankruptcies held an uncomfortable spotlight to the traditional "ABC" policy. Could that policy be "frozen" by a bankruptcy court, thereby denying individuals access to vital funds for defense expenses in the event of hostile lawsuits? And what if the traditional D&O program failed—for whatever reason—to respond to a claim, or the limits were exhausted sooner than expected, leaving individual directors and officers exposed without insurance?

Faced with these uncertain questions, the use of Side A-only policies dedicated to the individuals—and which were quite separate from any corporate coverage—began to emerge as an appealing answer. Chicago Underwriting Group entered the primary Side A-only market in November 2005 with ExcessFirst, which was updated and replaced in January 2010 by A-Side First. Now, in response to customer requests, Chicago Underwriting Group is launching a new upgrade, known as "**A-Sure**," which enhances, streamlines, and simplifies our dedicated lead Side A product.

A-Sure will be available for use in almost every state for renewals and new business effective **January 1, 2015**. Check with our [underwriters](#) for more information.

A-SURE KEY FEATURES

[Please see the [A-Sure policy form](#) for full details]

- *"All peril" approach / broad "DIC" coverage.*
- *Liberalization provision of the Insuring Agreement.*
- *Only one policy exclusion: Conduct Exclusion, which does not apply to*

Independent Directors or to Defense Expenses, and is only triggered by a final non-appealable adjudication.

- *Automatic reinstated Limit of Liability for Independent Directors.*
- *Broad definitions of Claim, Defense Expenses, Loss, and Inquiry.*
- *Full severability of the Cooperation Clause.*
- *Non-cancellable, other than for non-payment of premium.*
- *Fully non-rescindable, other than for non-payment of premium.*
- *180-day window following policy expiration to give Notice of Claim or Inquiry.*
- *60 days grace to elect and pay for an Extended Reporting Period.*

Specific state-required endorsements may modify the terms of the standard policy form.

OLD REPUBLIC INSURANCE COMPANY REGAINS ITS A+ RATING FROM A.M. BEST

On October 3, 2014, A.M. Best announced that it had upgraded its insurance company Financial Strength Rating (FSR) for Old Republic Insurance Company to A+ (Superior). Old Republic Insurance Company is an admitted insurer in all 50 states and D.C.

We can offer limits of up to \$25,000,000 of Side A coverage on any one risk. For Side A Only coverage, we can entertain submissions from every industry sector, with just two exceptions: hedge funds and Special Purpose Acquisition Companies (SPACs). See our [Underwriting Preference Card](#) for a detailed list of our D&O target classes. ❖

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

[Past issues](#) of CUG.COMments are available.

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