

# CUG.COMments

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

Volume 1, Issue 1

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## Welcome to our first newsletter!

Chicago Underwriting Group, Inc. (CUG, also known as CHUG), now a wholly-owned subsidiary of Old Republic International, was founded in 1983 as a majority-owned subsidiary, with a mandate to underwrite Directors & Officers Liability and Professional Liability exposures. Old Republic International is among the 50 largest insurance organizations in the US. Through wholly-owned subsidiaries like CUG, Old Republic has consistently increased its specialty business.

Policies underwritten by CUG are issued in the Old Republic Insurance Company, licensed in all 50 states. If a surplus lines carrier is needed, we can use Old Republic Union.

Old Republic Insurance Company has a rating from A.M. Best of A+, and a rating from Standard & Poors of AA+. CUG is in turn the parent corporation of two subsidiaries which provide underwriting management and consulting services to insurance organizations outside the Old Republic group. For off-shore clients, we use CHUG Services (Bermuda) Ltd., and for US-domiciled business, we use CHUG Services, Inc. However, it is for D&O and E&O underwriting that we are best known, having written this business consistently for 15 years.

In future issues we will tell you more about what we can do; meanwhile, we'd welcome any feedback or questions you may have.

## Plus ca change . . .

By Marty Perry, CUG President and CEO

Looking back over the fifteen years that we have been underwriting D&O and E&O business as part of the Old Republic Group, it is fun to imagine how much of our current market and practices would be familiar to a Rip Van Dando who fell asleep in 1984.

Back then, there were more brokers than carriers, or so it seemed. Today, it is the brokers who are consolidating, while the carriers writing D&O are multiplying like cable tv channels.

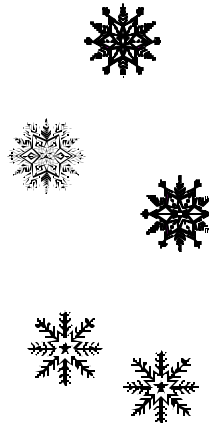
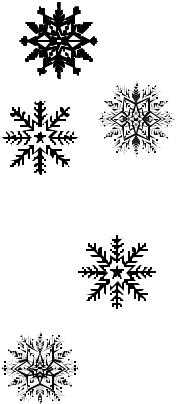
In 1984, we had mainframes in the back room; we corresponded by telex, snail mail and those classy three part carbonless "Speed Memos." We came back from lunch to a stack of pink message pads. And our desks were swamped with paper. Today, there's a PC on every desk; we correspond via fax and E-mail. When we come back from lunch, the red voice mail light is on. And our desks are swamped with paper.

In 1984, our main exposures centered around corporate governance and accounting fraud. Today, we are concerned with corporate disclosure and accounting fraud.

Fifteen years ago, there were carriers writing for market share with little concern for underwriting standards. Many of those are no longer with us. Today, despite the improvement in underwriting tools, there are again carriers writing for market share and who are ignoring underwriting standards. Where will they be in 2013?

The point is that while many of the tools and techniques of our business have changed over the years, there are still principles that endure in our D&O and E&O business. We call them the three S's: **S**ecurity (Old Republic's financial strength); **S**tability (our underwriters average experience exceeds 15 years and we have been an active consistent market maker for 15 years); and **S**ervice.

# Holiday Greetings



Top Row (left to right): Frank Kastelic, Gretchen Sievers, Bill Schwass, Marty Perry, Jim Crockett, Terry Johnson;  
Middle Row : Yolie Alambar, Fran Bialek, Sharon Caputo, Diane Vasti, Vivian Yamaguchi, Doreen Bailer, Silvana Peconio  
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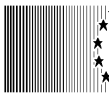
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*Website coming in early 1999 . . . www.cug.com*

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**ADDRESS CORRECTION REQUESTED**