



CUG.COMments

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

Issue 3

April 1999

This issue... is dedicated to Professional Liability. Our underwriting capabilities, preferences and a conversation with the head of our Professional Liability Department, **Bill Schwass**.

Lawyers Professional Liability

Chicago Underwriting Group, Inc. (CUG) has written Lawyers Professional Liability on both a primary and excess basis since 1984. Historically it has been our largest class of professional liability. Our experience in this class of business has allowed us to maintain a market presence despite stiff competition from other carriers and various bar association programs. We consider small law firms under special circumstances, but prefer law firms with ten or more attorneys. We have no prohibitions as to practice specialties, but tend to avoid firms concentrating in plaintiff's personal-injury work. We look closely at a firm's claims record and whether it has risk management controls in place. We will work with a firm that has a poor claims record as long as it is instituting controls to avoid past mistakes.

We can offer primary coverage in 30 states. Excess coverage is available in all states. ✍

Architects and Engineers Professional Liability

We prefer to concentrate on small to medium size accounts generating annual fees between \$250,000 and \$5,000,000. Fierce competition for primary A&E business has forced us to take a more active role as an excess insurer where we have enjoyed more success. We can consider most disciplines on a primary basis, but do not underwrite design/construct risks or designers of machinery and equipment. We can be more flexible with these disciplines when participating as an excess insurer.

We can offer primary coverage in approximately 25 states. Excess

coverage is available in all states. ✍
Miscellaneous
Professional Liability

CUG can offer coverage for a wide range of professional disciplines. We take a flexible and creative approach to underwriting this class of business: understanding the client's business, identifying loss exposures, and then tailoring a policy to meet their unique needs. Because of this approach, we have more success with larger accounts. We have written primary and excess policies for many classes of business, including, but not limited to, real estate agents and brokers, property managers, title agents, management consultants, public relations firms, employee benefit consultants, actuaries, third-party administrators and computer/information technology consultants.

Primary coverage is available in several states through our surplus lines insurer, Old Republic Union Insurance Company. Excess coverage is available on an admitted

Common features of our E&O programs include:

- ? Limits of Liability up to \$15,000,000
- ? Deductibles starting at \$10,000
- ? Defense costs included in the limit of liability
- ? Prior acts coverage usually available
- ? Primary or excess coverage
- ? Multi-year policies are available
- ? Ability to provide a single policy covering multiple exposures
- ? Professional claims handling
- ? Predecessor firm coverage
- ? Innocent Insured coverage (Lawyers Professional Liability) ✍

A conversation with Bill Schwass, co-founder of Chicago Underwriting Group, Inc. who heads our Professional Liability operation and who has been underwriting Professional Liability for over 20 years.

CUG.COMments: *Bill, what have been some of the biggest changes you've observed in professional liability?*

Bill: I would say that the most significant developments have been: first, the concentration of lawyer's and accountant's business into "pools" of insured-owned facilities; second, the erosion of submission standards; third, the growth in the number of carriers willing to write professional liability; and finally, the systematic reduction in pricing in all professional classes.

CUG.COMments: *What do you think of the "pools?"*

Bill: The "pools" were an understandable reaction to the capacity crisis in the mid-80's, but they are not necessarily for every law or accounting firm. We have been successful in writing firms who have left the "pools," wanting to be evaluated on their own merits rather than being subject to the fortunes of their fellow "pool" members.

CUG.COMments: *Why have submission standards*

slipped?

Bill: Clearly, most of it is market driven. If a carrier will quote based on little information, there is not much incentive for the broker to provide more information than is needed. However, I am concerned that there may be an imminent shake-out in the market, and as underwriting standards become stricter, there is a generation of brokers who do not know what it means to find resistance in the market, or to have to ask their client for a lot more data than before. They will also have to face their client with news of a premium increase; for many, a new and not so pleasant experience.

CUG.COMments: *Will we see fewer carriers?*

Bill: As losses develop I believe it is inevitable that carriers will exit the E&O business. Our own California book of lawyers has been so challenging that we have a temporary moratorium on new submissions, yet we are certainly not the least expensive or least demanding insurer.

CUG.COMments: *A final thought?*

Bill: Don't be lulled by the present abundance in capacity. Prepare for a change, be ready to prepare your customers for a change, and keep Chicago Underwriting Group in mind!

CUG DIRECTORY

UNDERWRITING

Crockett, Jim - 312-750-8979 ? jcrockett@cug.com
Kastelic, Frank - 312-750-8968 ? fkastelic@cug.com
Perry, Marty - 312-750-8806 ? mperry@cug.com
Schwass, Bill - 312-750-8803 ?
Vasti, Diane - 312-750-8809 ? pwoan@cug.com

FACSIMILE.... 312-750-8965

CLAIMS....

Foley, Clancy - 312-750-8960 ? cfoley@cug.com
Sievers, Gretchen - 312-750-8976 ? gsievers@cug.com
Yamaguchi, Vivian - 312-750-8807 ? vyamagu-

bschwass@cug.com

dvasti@cug.com **Woan, Peter** - 312-750-8805 ?

MARKETING....

ACCOUNTING....

Johnson, Terry - 312-750-8808 ? tjohnson@cug.com

If you would like to be added to our CUG.COMment mailing list, please E-mail Bertha Sifuentes at bsifuentes@cug.com



CHICAGO UNDERWRITING GROUP, INC.

211 West Wacker Drive, Suite 300
 Chicago, Illinois 60606-1217

ADDRESS CORRECTION REQUESTED