



CUG.COMments

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

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Our Claims Expertise

Introduction

During a recent CUG visit to the West Coast, a broker asked about CUG's experience in handling claims, explaining that clients liked to know their D&O carriers were comfortable and familiar with the claims process. It seemed a reasonable comment, so this issue of CUG.COMments will give you an idea of our practical claims experience.



- Active Role in Claims Management

We handle only professional liability claims, many of them complex securities law cases. We take an active role in claims management, working closely with the insureds and defense counsel. We believe that our policyholders and brokers are best served by this direct involvement.

- Claims Volume

Since we opened for business in January 1984, we have been notified of over 1,700 D&O claims and over 3,600 professional liability claims, primary and excess. The history of our experience with D&O claims has mirrored the evolution of D&O insurance over the past 15 years. Issues such as allocation of expenses, entity coverage for securities litigation and the challenges created by the Internet explosion have all been reflected in the policies we have written and the claims we have seen.

- Claims Paid

Since 1984 we have paid well over \$100 million in claims payments and defense costs. Paying claims is part of being a long-term insurer: we expect to pay covered claims, and do not shirk this responsibility.

- Defense Counsel

Since 1984 we have worked with over 75 outside law firms that act as defense counsel. Because of our focus on insuring the directors and officers of technology and bio-tech companies, the majority of D&O securities disputes come from the 1st, 2nd, 3rd and 9th circuits, and we have worked with many law firms in these regions. Professional liability claims tend to be less geographically concentrated, and we have seen them from all over the country.

- Cases Tried

We support our insureds in taking defensible cases to trial. With D&O especially, most cases are settled between the plaintiffs and the policyholder before the lawsuit reaches trial. However, if our insured believes the allegations against it are groundless or defensible and wishes to refute plaintiff's allegations through a trial, it will find us willing to listen and well equipped to partner with them.

In 1998, Chicago Underwriting Group, Inc. was one of the D&O carriers for Biogen, a Massachusetts bio-tech company, which defended a securities class action lawsuit through a jury trial to a defense verdict.

This trial was the first shareholder suit in ten years to be tried before a jury in Massachusetts. Chicago Underwriting Group, Inc. insured half of the first ten million dollars of the D&O program, and supported its insured and defense counsel in defending the case through to a successful verdict.

- New Addition to Claims Staff

This is a good opportunity to announce a new member of our claims staff. Michael Early joins us as Assistant General Counsel and will handle Directors and Officers and Professional Liability claims. Prior to joining CUG, Mike was in private practice in Chicago, engaged in commercial litigation, bankruptcy and professional liability defense matters. Mike also spent time with the City of Chicago Department of Law, Commercial and Policy Litigation Division, where he acquired a great deal of trial experience defending the city.

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