

In this issue . . . we outline our current preferences for public company D&O business, and look at ways to maximize the effectiveness of policyholder conference calls.

	PREFERRED CLASSES	CAN CONSIDER	NOT A MARKET
PRIMARY D&O [Public Companies]	<ul style="list-style-type: none"> ■ Small to midsize market cap companies ■ Technology ■ Life Sciences 	<ul style="list-style-type: none"> ■ Large market cap companies ■ Turnaround situations / companies emerging from bankruptcy 	<ul style="list-style-type: none"> ■ Fortune 200 companies ■ Financial Institutions ■ Financial Services ■ Tobacco ■ Gaming ■ Healthcare ■ Utilities
EXCESS D&O [Public Companies]	<ul style="list-style-type: none"> ■ Same as for primary plus: ■ Fortune 1000 companies (but not Fortune 100) 	<ul style="list-style-type: none"> ■ Same as for primary plus: ■ Insurance Companies ■ Financial Institutions ■ Gaming ■ Healthcare ■ Utilities 	<ul style="list-style-type: none"> ■ Fortune 100 companies ■ Financial Services ■ Tobacco
“SIDE-A ONLY”	Excess “Side A” for all classes, other than shown as “Not a Market.”	<ul style="list-style-type: none"> ■ Excess “Side A” for Fortune 100 companies ■ Primary “Side A” on a select basis ■ Financial Services 	<ul style="list-style-type: none"> ■ “Technically insolvent” companies ■ Tobacco

For all classes of business, we have the greatest success with buyers more interested in obtaining excellent security from a stable insurer than paying the cheapest price.

CONFERENCE CALLS

One of the side effects of the current D&O market is the sharp increase in the number of conference calls involving the buyer, brokers and underwriters. At CUG, our underwriting team on average participates in two or more calls every day. While we welcome this chance to interact with the buyer, not all calls are as effective as they could be. Here are some pointers that might help improve their usefulness.

1. Keep calls as concise as possible. We understand clients wanting to state their case, but in most instances, 45 minutes to an hour is usually enough: much more than an hour, any goodwill created by the call may start to erode.
2. At the call-center, make sure everyone in the room has good access to the microphone, or is given it when they wish to speak. For the long distance participant, it's frustrating to miss a comment or question from outside the range of the equipment.

3. At CUG, there are certain topics we wish to cover, so make sure the client is prepared to address them. These include:

- Anticipated changes to senior management on the board
- Revenue recognition policy
- Insider trading policy including any 10b5-1 plans
- Any Special Purpose Entities (SPE's)
- Public statement policies, including analyst contact
- Audit committee qualifications and procedures
- Related party transactions in the last three years
- Information on independent auditors
- M & A activity
- Material litigation
- Latest financial results

4. We find these calls work best when the buyer regards the insurers as he does his bankers or attorneys. This may mean revealing sensitive information and we respect the confidentiality of any non-public information. However, if the buyer would like us to sign a confidentiality agreement relating to information learned during a call, we can provide this. ❖

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