


*December 2003 marks the 20th anniversary of Old Republic's continuous participation in the D&O market, underwritten by its wholly owned subsidiary, Chicago Underwriting Group, Inc. We would like to thank all our business partners for their support over the past 20 years and look forward to their continued support in the future.*





## REVIEW OF 2003

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Plenty of ink was spilled analyzing and speculating about the impact of Sarbanes-Oxley on Directors & Officers liability insurance. Long-term effects, by definition, remain to be seen, but its influence was felt in the industry's on-going discussion of: (1) Side-A only coverage in various forms; (2) Severability policy provisions; and (3) Fraud exclusionary language. These issues remain works in progress.

We were reminded that the opportunity of obtaining large profits with relative ease can prove an irresistible temptation, and that for some people a lot is never enough. This is the Mutual Fund scandal, shaking investor confidence already reeling from "Laddering," Enron et al, and the tarnished image of investment bankers as duplicitous stock promoters. It is hard to imagine the D&O market and reinsurance market not being impacted by this latest, still unfolding litigation.



 Also troubling, was the episode of Mr. Richard Grasso's remuneration as head of the New York Stock Exchange. The uproar caused by the revelation of his massive pay awards led to his departure, which was followed by a harsh spotlight being turned on the Exchange's arcane practices. The governance of the NYSE is now under


review which may lead to fundamental changes in how business is conducted.

A.M. Best noted recently that insurer rating downgrades continue to outpace upgrades. This fact should be of particular significance to D&O brokers and underwriters, with the memory of Kemper's rapid demise and disappearance still vivid.

As Shakespeare said, "What's past is prologue," and the events of 2003 suggest a no less interesting 2004.

## DAVID WHITE JOINS THE UNDERWRITING TEAM

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 During the summer, our D&O underwriting team was strengthened by the addition of David White. A graduate of Northwestern University with a B.A. in economics, David has also studied at the London School of Economics. David's employment history includes investment and financial analysis at J.P. Morgan, Fidelity Investments and AIG. David will initially use his financial analysis skills to assist the D&O underwriters with their risk evaluations, simultaneously learning the details of D&O insurance in the expectation that he will become an underwriter.

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We at Chicago Underwriting Group, Inc. wish all our business partners a

Happy Holiday Season and a

Successful 2004!



**OLD REPUBLIC INSURANCE COMPANY  
NAMED ONE OF THE  
STRONGEST BUSINESS INSURERS**

Weiss Ratings, Inc., has named Old Republic in its list of the 20 strongest business insurers. At a time when insurer security is becoming more critical, we are pleased to be included in this select group. The full list can be seen at [www.WeissRatings.com](http://www.WeissRatings.com) - along with their list of the 20 weakest.

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