

CHICAGO UNDERWRITING GROUP INTRODUCES EXCESSFIRST™

Providing "Side-A only" individual Directors & Officers coverage for non-indemnifiable circumstances, directly excess of a standard "A, B, C" D&O program, with a "DIC drop-down" feature for certain situations. ExcessFirst can also be written as the primary policy of a Side-A ground-up tower of coverage.

ADDITIONAL INDIVIDUAL PROTECTION

The traditional D&O insurance program that provides a single combined limit for both the corporation and the directors and officers may no longer be sufficient for individual directors' protection.

Demands on those limits are escalating: for example, there is an increase in derivative suits by shareholders acting on behalf of the company where indemnification by the corporation is largely prohibited. In addition, if a company is threatened by bankruptcy there is the possibility of a bankruptcy court "freezing" the standard D&O policies, deeming them an asset of the company.

Seeing their conventional insurance under threat, directors are asking companies for this additional layer of insurance protection that can provide directors with the safety net they need to be able to serve. In a recent paper, noted D&O expert Dan A. Bailey, member of the Bailey, Cavalieri law firm emphasizes this point:

*"Broad Excess DIC Side-A Policies can not only provide high quality insurance protection for the directors and officers, but can also give important psychological comfort to the directors and officers that their risk from serving as a director or officer is being aggressively managed." **

The **EXCESSFIRST** policy form and key endorsements may be viewed at our web site:
http://www.cug.com/do_forms.shtml

STRONG SECURITY

Because Side-A coverage represents the final protection available to individuals in the absence of corporate indemnification, the quality of the financial security supporting the Side-A coverage should be a critical factor in determining which insurer to select.

ExcessFirst is issued by Old Republic Insurance Company, one of the strongest D&O carriers in the market:

- U.S.A. domiciled, established 1923
- A.M. Best rated A+
- Standard & Poor's rated AA
- Moody's rated Aa2
- 2005 Ward's Benchmark 50 Property-Casualty Group

Because of the "drop-down" provision, it is probably in the Insured's best interests that the first layer of an Excess DIC Side-A program be written by a carrier not participating in the standard underlying "A,B,C" program. Diversifying insurers in this way can provide an additional safeguard.

OTHER COVERAGE FEATURES

- Non-cancelable (other than for non payment).
- Non-rescindable by Insurer.
- Bi-lateral extended reporting period part of policy language.

- *ExcessFirst may not be available in all states; check with CUG underwriters.*
- *Specific state-required endorsements may modify the terms of the standard policy.*

* "D&O Policy Terms: Know What to Ask for." The complete text of the Paper is available at www.baileycavalieri.com.

CORRECTION

In the September 2005 Issue of CUG.COMments we said that "In August 2005 the California Supreme Court upheld the rescission of a D&O policy based on a failure of an insured person to accurately describe his company's revenue recognition practices." It was in fact the 9th Circuit Court of Appeals which upheld a ruling by the federal district court. We apologize for any inconvenience and misunderstanding this may have caused.



CHICAGO UNDERWRITING GROUP, INC.

191 N. Wacker Drive, Suite 1000
Chicago, Illinois 60606-1905

ADDRESS CORRECTION REQUESTED