

# Directors and Officers Liability

## 2008 Survey of Insurance Purchasing Trends

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## Table of Contents

<b>Preface</b>	<b>4</b>
<b>2008 Survey Highlights</b>	<b>5</b>
<b>Participant Profiles</b>	<b>7</b>
Figure 1: Participation by Size	7
Figure 2: Participation by Business Class	8
Figure 3: Participation by Ownership	9
Figure 4: Participants by Business Class and Ownership	9
Figure 5: Participation by Full-Time Employees	10
Figure 6: Average Number of Board Members — by Asset Size	10
Figure 7: Total International Operation Counts by Ownership	10
<b>Policy Limits</b>	<b>11</b>
Figure 8: Changes in Limits by Business Class	11
Figure 9: Total Limits by Asset Size (in millions)	12
Figure 10: Total Limits by Asset Size (in millions) — Repeat Participants for Last Two Years	12
Figure 11: Total Limits by Market Capitalization (public only — in millions)	12
Figure 12: Total Limits by Business Class (in millions)	13
Figure 13: Total Limits by Business Class (in millions) — Repeat Participants for Last Two Years	13
Figure 14: Total Limits by asset size (in millions) — Public Organizations	14
Figure 15: Total Limits by Asset Size (in millions) — Private Organizations	14
Figure 16: Total Limits by Asset Size (in millions) — Nonprofit Organizations	14
<b>Side A Only Coverage</b>	<b>15</b>
Figure 17: Side A Only Coverage by Business Class	15
Figure 18: Side A Only Coverage by Ownership	15
Figure 19: Side A Only Coverage by Ownership — Repeat Participants for Last Two Years	16
Figure 20: Side A Only Coverage by Asset Size	16
Figure 21: Side A Only Coverage by Market Capitalization (public only)	16
Figure 22: Side A Only Coverage Attachment Points by Asset Size	18
Figure 23: Side A Only Limits and Premium Rates by Participant Asset Size	18
Figure 24: IDL Policy Purchases by Ownership	18
<b>Coverage Enhancements</b>	<b>19</b>
Figure 25: Changes in Enhancements by Business Class	19
Figure 26: Changes in Exclusions by Business Class	19
Figure 27: Prevalence of Entity Coverage by Asset Size	19
Figure 28: Prevalence of Entity Coverage by Ownership	19
Figure 29: Prevalence of EPL Coverage by Full-Time Employees	20
Figure 30: Prevalence of EPS Coverage by Ownership	20
Figure 31: Purchase of Fiduciary Coverage	20
Figure 32: Purchase of Fiduciary Coverage by Ownership	20
Figure 33: Total Stand-Alone Fiduciary Limit by Asset Size (in millions)	21
Figure 34: Total Stand-Alone Fiduciary Premium by Asset Size	21
Figure 35: Total Stand-Alone Fiduciary Retention by Asset Size	21
<b>D&amp;O Inquiries</b>	<b>22</b>
Figure 36: D&O Inquiries by Asset Size	22
Figure 37: D&O Inquiries by Ownership	22
Figure 38: D&O Coverage Changes from D&O Requests — by Asset Size	23

<b>Retentions</b>	<b>24</b>
Exhibit 39: Changes in Retentions by Business Class	24
Exhibit 40: Entity/Reimbursement Retention Levels (in thousands) by Asset Size — All Organizations	25
Exhibit 41: Entity/Reimbursement Retention Levels by Asset Size (in thousands) — All Organizations, Repeat Participants for Last Two Years	25
<hr/>	
<b>Insurance Premium</b>	<b>26</b>
Figure 42: Premium Index — U.S., For-Profit Only	26
Figure 43: D&O Premium Index Trends — For-Profit Only	27
Figure 44: Changes in Premium by Business Class	28
Figure 45: Total Premium by Asset Size	28
Figure 46: Total Premium by Asset Size — Repeat Participants for Last Two Years	28
Figure 47: Total Premium by Market Capitalization (public only)	29
Figure 48: Total Premium by Business Class	29
Figure 49: Total Premium by Business Class — Repeat Participants for Last Two Years	30
Figure 50: Total Premium by Asset Size — Public Organizations	30
Figure 51: Total Premium by Asset Size — Private Organizations	31
Figure 52: Total Premium by Asset Size — Nonprofit Organizations	31
<hr/>	
<b>Insurance Carriers</b>	<b>32</b>
Figure 53: Market Share for Primary Insurers	32
Figure 54: Primary Market Share by Policy Count	32
Figure 55: Primary Market Share by Premium Volume	32
Figure 56: Leading Primary Insurer by Insured's Asset Size	33
Figure 57: Leading Primary Insurers by Business Class	35
Figure 58: Market Share for Excess Insurers	38
Figure 59: Excess Market Share by Policy Count	38
Figure 60: Excess Market Share by Premium Volume	38
<hr/>	
<b>Insurance Brokers</b>	<b>39</b>
Figure 61: D&O Broker Rankings	39
Figure 62: Leading Brokers by Ownership	39
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<b>Claims</b>	<b>40</b>
Figure 63: Participants That Had a Claim in the Last 10 Years by Ownership	40
Figure 64: Types of Claims Experienced in Last 10 Years	40
Figure 65: Types of Claims Experienced in Last 10 Years by Ownership	40
Figure 66: Count of Participants that had a Claim in the Last 10 Years by Asset Size	41
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<b>Appendices</b>	<b>42</b>
Appendix A: D&O Liability Survey — Insurance Market Summary	42
Appendix B: D&O Liability and Insurance Program Reviews, Insurance Placement and Reinsurance Intermediary Services	54
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# Preface

This survey is the 31st in a series of studies conducted by Towers Watson on Directors and Officers (D&O) liability insurance purchasing trends. Its primary objectives are to:

- Provide information to organizations about the structure and cost of D&O insurance programs for various sizes and types of organizations
- Provide a directory and market summary of the insurance companies providing D&O coverage

We also have five exhibits on fiduciary liability insurance purchasing practices. In addition, for the third year in a row, we are making the full survey available — at no charge — on [www.towerswatson.com](http://www.towerswatson.com). We have eliminated most of the claim data that we have reported on in prior surveys. This change was made to simplify the reporting effort by survey participants.

Participants in this survey submitted data either on paper or electronically during the third quarter of 2008.

Considerable effort was made to ensure survey accuracy and completeness. We contacted a number of participants to clarify responses that were incomplete, unclear or appeared to be outside of normal expectations. Some responses were changed as a result of our inquiries and our validation with internal and external databases. For confidentiality reasons, we did not show breakdowns of data in exhibits when the number of participants was less than five.

We sincerely thank everyone who participated in this survey. Your support enables us once again to provide a unique report on D&O liability insurance purchasing trends.



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## Statistical Terms Used in This Report

In several sections of this report, a distribution of values is described by giving the first quartile, median and third quartile values in addition to the mean, or average, value. Distributions are given for some subsets of the data to enhance interpretations of the survey results. A mean value by itself can be misleading if the underlying distribution is skewed to the low or high side. We report key percentiles to more fully describe each distribution; such values are calculated in accordance with standard statistical formulas.

The median is the middle value of a distribution, so that half the observations are less than or equal

to this value, and the other half are greater than or equal to the median. About one-quarter of the observations are at or below the first quartile value. Similarly, the third quartile value has about three-quarters of the observations at or below it. The range between the first and third quartiles contains values for the middle half of the data.

A non-probability sample is one in which respondents choose — or are selected — to participate. Such a sample is therefore not random. Because not all potential respondents are equally likely to participate, survey biases must be considered when interpreting results.

# 2008 Survey Highlights

Similar to the last several years, the 2008 results continue to show a soft insurance market for D&O liability insurance. Although the mortgage and credit crisis has been going on for some time, it does not appear to have had a material impact on the D&O market as of the third quarter of 2008, when the data were collected. Even our financial institution survey participants have not been affected to the level that has been reported in the press, although nonbanking financial services respondents reported an average 13% increase in premiums among repeat participants. This increase is substantially higher than the average 5% decline in premium among repeat participants.

**Decreased Survey Participation** — This year's survey included responses from 2,599 participants, an 11% decrease from the 2007 survey. Participation by survey respondents with assets between \$6 million and \$10 million showed the largest decline — a 59.4% reduction.

**D&O Policy Limits Increased Among Repeat Survey Participants** — Repeat participants reported an average increase in limits of 6%. The banking business class reported a 10% decline, but this was after reporting a 46% increase last year. All but one other business class (petroleum, mining and agriculture) reported increasing their limits, and only 3% reported decreasing their D&O limits.

**Increased Side A Only Coverage Purchases** — Side A only D&O policies cover individual directors and officers when not indemnified by their organization. This coverage has been purchased predominately

by public companies. While Side A only has been growing in popularity in recent years, our 2007 survey saw a decline that we could not explain and which was not consistent with what we were observing in the market. The 2008 Survey, however, showed a 33% increase in purchases of Side A only coverage among repeat public company participants. Forty-three percent of public companies (179 participants purchased Side A only coverage. Among all organizations with assets over \$10 billion, 73% purchased Side A only coverage.

Fifteen percent of organizations with assets over \$10 billion (four of 15 participants) only purchased Side A only coverage (no Side B or C coverage was purchased). Some industry observers have commented that many large financial institutions facing potential large D&O claims from the current financial crisis only purchase Side A coverage. Assuming that these financial institutions avoid bankruptcy, their Side A only exposures may be limited and could reduce the insurance industry exposure to claims from these organizations.

The average Side A only limit for those participants that also purchased a Side A, B and C policy was \$12.0 million, down from \$13.1 million the year before. The Side A only average limit as a percentage of total D&O limits was 31%. The average rate per \$1 million limit for Side A, B and C coverage was \$16,624, down from \$21,422 in 2007. The average rate per \$1 million limit for Side A only was \$15,638, up from \$11,015 the year before.

**Interest in Independent Director Liability Coverage (IDL)** — IDL coverage is similar to a Side A only policy, but only the outside independent directors are covered (there is no coverage for internal officers and directors). Typically, these policies also provide even broader coverage than a Side A only policy. Some coverage may also come from enhancements to a Side A only policy that provide additional coverage or limit reinstatements for just the outside board members.

The “tire kicking” of IDL policies by organizations appears to be over, and very few have opted to buy these policies. In our 2007 survey, most participants reported they had not purchased IDL policies, but 30% of private companies and 21% of public companies said they were considering it. In 2008, less than 1% of public companies reported buying this type of policy.

**International D&O Coverage Provided by Global U.S. Policies** — Fifty-six percent of survey participants reported having international operations. Of these participants, 98% were relying on global coverage being extended from D&O policies purchased for U.S. exposures. Less than 2% had purchased any separate D&O policies for other individual countries.

Although we originally predicted that more companies would restructure their D&O insurance programs to provide alternative coverage for some foreign locations, there has been no movement by survey participants away from relying on their worldwide U.S. D&O insurance policies. However, this finding is not consistent with reports in the D&O marketplace by brokers and insurers of increases in the number of local D&O policies issued in conjunction with a global D&O insurance program.

**Coverage Enhancements Decline** — Fifty-four percent of participants reported an increase in coverage enhancements, down from 61% last year. More interesting, however, was that only 3% of respondents reported a decrease in policy exclusions, down from 34% in the 2007 survey. As a result, it appears that the insurance policy language was not enhanced in the last year as much as it has been in the past few surveys.

Participants also reported a small increase in those organizations that do not purchase employment practices liability (EPL) insurance. Nonprofit and private organizations were responsible for the increase — public companies were the least likely to retain their EPL risks. Overall, 10% of survey participants do not purchase any EPL insurance. Fifty-seven percent purchase EPL coverage with their D&O insurance policy and 33% purchase a stand-alone EPL policy.

**Fiduciary Liability Purchases Increase** — Forty-five percent of respondents report purchasing fiduciary coverage, up from 37% in the 2007 survey. Roughly half bought shared limits with their D&O policy, while the other half bought a stand-alone policy. Fifty-five percent did not buy fiduciary coverage, with more than one-third listing high cost as the reason. The average limit purchased was \$9 million, but participants with assets greater than \$10 billion reported average limits of \$43 million.

The responses showed a clear delineation between those with assets greater than \$400 million and those with assets less than \$400 million. Those participants with less than \$400 million of assets purchased an average limit of \$3 million or less. But those participants with assets greater than \$400 million purchased an average of at least \$12 million.

**D&O Retentions Continue to Decline** — Repeat participants reported a 21% reduction in average retentions compared to 2007. Only 8% of all respondents reported increasing their retention, compared to 20% last year. Fourteen percent of respondents reported decreasing their retention, compared to 8% in the 2007 survey. The average retention among all participants was \$191,000, compared to \$287,000 for 2007 and \$426,000 for the 2006 survey year.

**D&O Premiums Remain Soft** — Premiums continued to slide during 2008, although not as much as we saw in 2007. Repeat participants reported an average decline in premiums of 5%. The Towers Watson premium index was down by 14%. Overall, 30% of survey participants reported that their D&O premiums increased, while 33% reported a decrease, and 37% reported no change.

# Participant Profiles

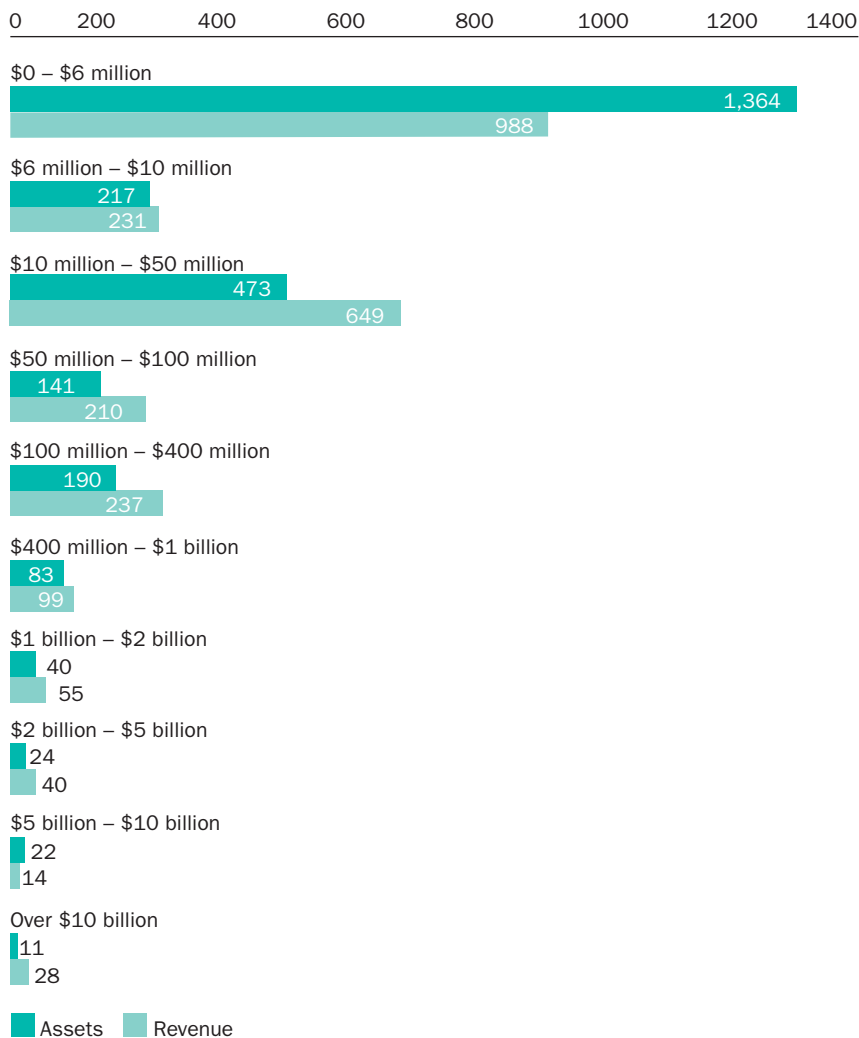
The D&O Liability Survey is a self-selecting, non-probability sample of insurance purchasing trends. This year's report includes responses from 2,599 U.S. participants, an 11% decrease over the 2007 survey.

Participants are profiled on the basis of several exposure characteristics, including:

- Size, as represented by total assets and revenue
- Business class
- Ownership
- Number of full-time employees
- Number of board members
- International operations

Participation in the 2008 survey by respondents with assets between \$6 million and \$10 million showed a 59% decline. Other than for this asset category, the distribution of participants was generally consistent with prior years. Organizations with less than \$6 million of assets continue to represent the largest segment of participants, at 38% of the total.

**Figure 1. Participation by Size**



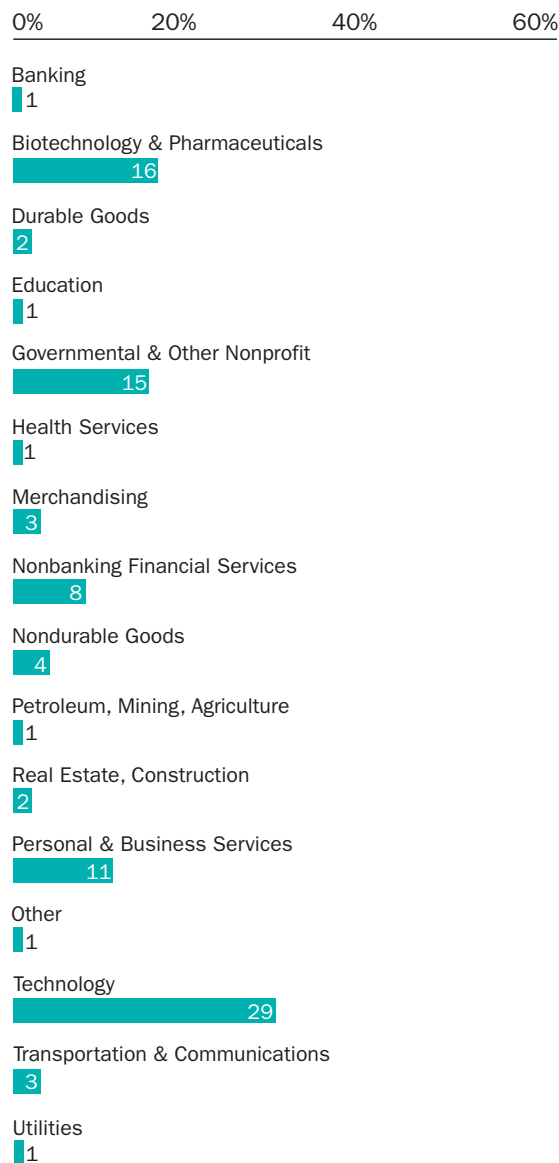
As in 2007, the three largest participants by business class remain Technology (29%), Biotechnology & Pharmaceuticals (16%) and Governmental and Other Nonprofit (15%). Together, these three business classes represent 60% of respondents.

When profiled by ownership, privately owned companies represent 60% of the respondents, while public companies account for 25%, and nonprofits

account for 15%. Participation among nonprofits declined in both of the last two years.

Sixty-eight percent of all respondents had less than 100 employees, and only 1% had more than 25,000 employees.

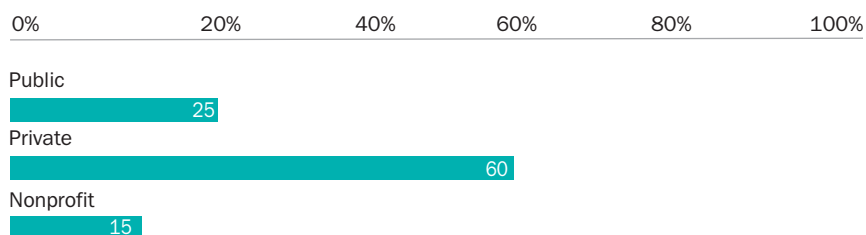
**Figure 2. Participation by Business Class**



As in previous years, organizations with greater assets generally had more board members than those with fewer assets, but the difference is smaller than in last year's survey. Companies with over \$10 billion in assets decreased their average number of board members from 13.2 in 2007 to 11.4 in 2008.

The 2008 survey showed a jump in participants reporting international operations. In 2007, only 42.9% of participants reported having international operations. This number jumped to 55.9% in 2008. Nonprofits and public participants reported numbers similar to last year. The percentage of private organizations, however, with international operations increased to 71.1%, from 52.0% in 2007.

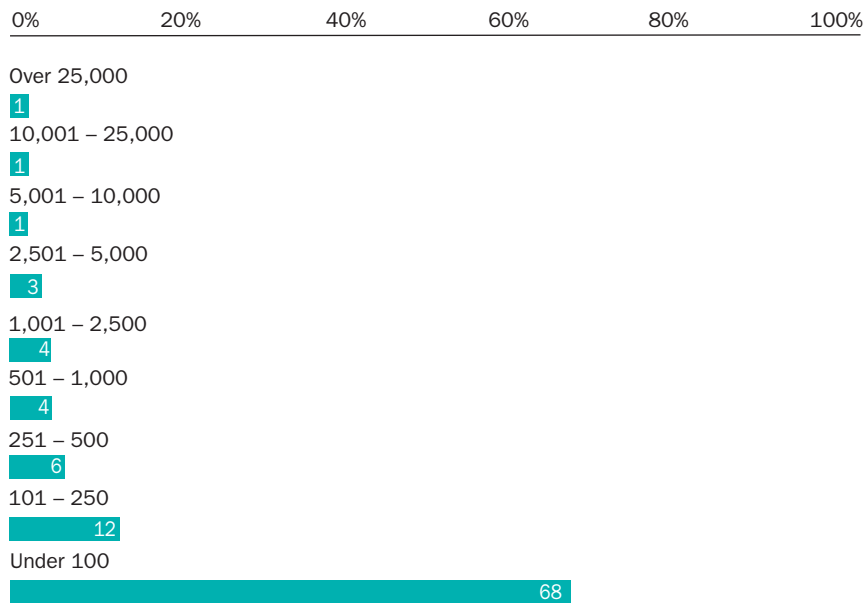
**Figure 3. Participation by Ownership**



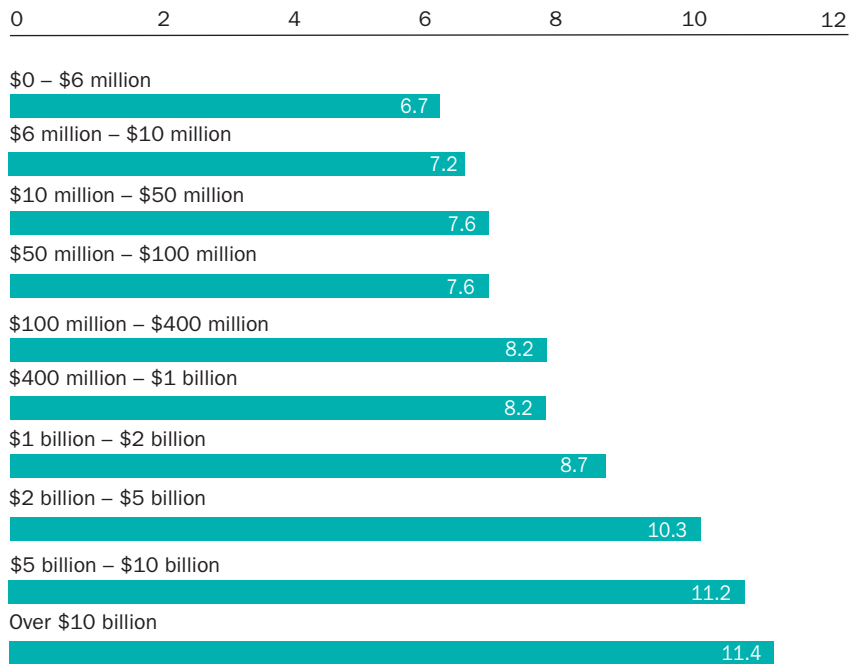
**Figure 4. Participants by Business Class and Ownership**

Principal Business Class	Ownership		
	Public	Private	Nonprofit
Banking	13	11	0
Biotechnology & Pharmaceuticals	103	320	3
Durable Goods	33	31	0
Education	1	5	10
Governmental & Other Nonprofit	2	29	364
Health Services	6	26	0
Merchandising	24	53	0
Nonbanking Financial Services	36	171	3
Nondurable Goods	70	45	0
Personal & Business Services	84	194	8
Petroleum, Mining, Agriculture	22	5	0
Real Estate, Construction	10	34	3
Technology	190	566	1
Transportation & Communications	28	51	0
Utilities	12	14	1
Other	5	13	0
<b>All Business Classes</b>	<b>639</b>	<b>1,567</b>	<b>393</b>

**Figure 5. Participation by Full-Time Employees**



**Figure 6. Average Number of Board Members — by Asset Size**



**Figure 7. Total International Operation Counts by Ownership**

	Yes	No	N/A
Nonprofit	7.9%	91.9%	.03%
Private	71.1%	27.6%	1.3%
Public	48.4%	51.6%	0.0%
<b>All Groups</b>	<b>55.9%</b>	<b>43.2%</b>	<b>0.8%</b>

# Policy Limits

Survey participant policy limits ranged from \$500,000 to \$300 million. In 2007, we saw a significant increase in the number of respondents that decreased their policy limits (18%). This trend stopped in 2008 when only 3% of participants reported decreasing their policy limit (close to the 4% reported in 2006). Eighty-six percent reported no change in their policy limit. The two business classes with the highest percentage of participants reporting decreases in limits were Education and Merchandising.

The average limit purchased across all participants (not limited to repeat participants) was \$10.61 million compared to \$9.86 million the previous year. However, organizations with assets greater than \$10 billion reported decreased limits — from \$146 million in 2007 to \$128.75 million in 2008.

Limits purchased also increased among repeat survey participants, showing an average 5% increase from \$10.38 million in 2007 to \$10.87 million in 2008. Organizations with assets between \$6 million and \$10 million reported a 27% average increase in limits, while those with assets between \$1 billion and \$2 billion reported a 22% decrease (although there are much fewer of these organizations reporting).

Publicly traded companies (not limited to repeat participants) reported a decrease in average limits from \$30.73 million in 2007 to \$29.92 million in 2008. However, only the 16 companies with assets greater than \$10 billion reported an average decline. All other asset categories reported an average increase in limits.

**Figure 8. Changes in Limits by Business Class**

	Increased	Decreased	Same
Banking	7%	14%	79%
Biotechnology & Pharmaceuticals	15%	1%	84%
Durable Goods	9%	0%	91%
Education	7%	13%	80%
Governmental & Other Nonprofit	9%	1%	90%
Health Services	11%	6%	83%
Merchandising	22%	11%	67%
Nonbanking Financial Services	10%	3%	87%
Nondurable Goods	15%	5%	80%
Personal & Business Services	14%	3%	83%
Petroleum, Mining, Agriculture	17%	0%	83%
Real Estate, Construction	10%	0%	90%
Technology	9%	3%	88%
Transportation & Communications	19%	4%	78%
Utilities	46%	0%	54%
Other	14%	0%	86%
<b>All Business Classes</b>	<b>12%</b>	<b>3%</b>	<b>86%</b>

**Figure 9. Total Limits by Asset Size** (in millions)

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 – \$6 million	977	\$ 1.00	\$ 2.00	\$ 3.00	\$ 2.56
\$6 million – \$10 million	228	2.00	3.00	5.00	4.57
\$10 million – \$50 million	642	2.00	5.00	7.25	7.15
\$50 million – \$100 million	210	3.00	10.00	15.00	11.42
\$100 million – \$400 million	236	10.00	15.00	25.00	18.31
\$400 million – \$1 billion	99	15.00	30.00	40.00	29.18
\$1 billion – \$2 billion	55	20.00	30.00	50.00	36.85
\$2 billion – \$5 billion	40	31.25	52.50	75.00	58.95
\$5 billion – \$10 billion	14	20.00	87.50	110.00	78.57
Over \$10 billion	28	45.00	110.00	203.00	128.75
<b>All Size Groups</b>	<b>2,529</b>	<b>\$ 1.00</b>	<b>\$ 3.00</b>	<b>\$ 10.00</b>	<b>\$ 10.61</b>

**Figure 10. Total Limits by Asset Size** (in millions)

Repeat Participants for Last Two Years

	Participants Reporting	2007 Average Limits	2008 Average Limits	% Change
\$0 – \$6 million	473	\$ 2.36	\$ 2.45	4%
\$6 million – \$10 million	129	3.12	3.95	27%
\$10 million – \$50 million	287	7.43	8.09	9%
\$50 million – \$100 million	77	12.53	13.41	7%
\$100 million – \$400 million	117	19.28	20.38	6%
\$400 million – \$1 billion	39	29.87	32.89	10%
\$1 billion – \$2 billion	17	46.06	35.76	-22%
\$2 billion – \$5 billion	10	43.60	43.80	0%
\$5 billion – \$10 billion	4	—	—	—
Over \$10 billion	15	161.50	169.33	5%
<b>All Size Groups</b>	<b>1,168</b>	<b>\$ 10.38</b>	<b>\$ 10.87</b>	<b>5%</b>

**Figure 11. Total Limits by Market Capitalization**

(public only – in millions)

	Participants Reporting	First Quartile	Median	Third Quartile	Average
Under \$10 million	56	\$ 3.00	\$ 6.50	\$ 15.00	\$ 17.09
\$10 million – \$50 million	110	6.75	10.00	15.00	16.45
\$50 million – \$100 million	68	10.00	15.00	20.00	15.75
\$100 million – \$400 million	160	15.00	20.00	30.00	22.27
\$400 million – \$1 billion	88	20.00	25.00	35.00	28.16
\$1 billion – \$2 billion	58	30.00	36.50	50.00	42.51
\$2 billion – \$5 billion	25	39.00	50.00	62.50	53.72
\$5 billion – \$10 billion	22	47.50	80.00	130.00	97.27
Over \$10 billion	16	75.00	115.00	193.75	138.44
<b>All Size Groups</b>	<b>603</b>	<b>\$10.00</b>	<b>\$ 20.00</b>	<b>\$ 31.00</b>	<b>\$ 29.92</b>

Among repeat participants reporting their business class, limits increased by an average 6% over 2007. Repeat participants in Health Services increased limits 22%, and Nonbanking Financial Services increased 18%. Repeat participants from Banking increased limits in 2007 an average 46%. Many readers last year found this increase to be interesting because it occurred shortly before many

issues arose for the banking industry. The 2008 survey reported a 10% decline in average limits for Banks.

Public companies, in total, increased their limits slightly, to an average of \$29.63 million. Average limits for private companies and nonprofits also increased slightly.

**Figure 12. Total Limits by Business Class**

(in millions)

	Participants Reporting	First Quartile	Median	Third Quartile	Average
Banking	22	\$3.75	\$ 10.00	\$ 20.00	\$ 23.91
Biotechnology & Pharmaceuticals	426	2.00	3.00	10.00	8.91
Durable Goods	61	3.00	10.00	30.00	23.85
Education	16	2.00	5.00	9.00	7.69
Governmental & Other Nonprofit	394	1.00	1.00	3.00	2.76
Health Services	31	2.00	5.00	10.00	7.21
Merchandising	76	1.00	3.00	10.00	9.91
Nonbanking Financial Services	210	5.00	5.00	13.50	12.00
Nondurable Goods	115	3.00	10.00	25.00	22.65
Personal & Business Services	282	1.00	3.00	10.00	8.87
Petroleum, Mining, Agriculture	27	5.00	20.00	50.00	47.67
Real Estate, Construction	42	1.00	2.50	10.00	9.52
Technology	750	2.00	3.00	10.00	9.12
Transportation & Communications	79	2.00	5.00	15.00	12.96
Utilities	27	3.00	10.00	120.00	66.13
Other	18	2.00	4.00	21.25	11.06
<b>All Size Groups</b>	<b>2,576</b>	<b>\$2.00</b>	<b>\$ 3.00</b>	<b>\$ 10.00</b>	<b>\$ 10.53</b>

**Figure 13. Total Limits by Business Class** (in millions)

Repeat Participants for Last Two Years

	Participants Reporting	2007 Average Limits	2008 Average Limits	% Change
Banking	14	\$ 12.61	\$ 11.29	-10%
Biotechnology & Pharmaceuticals	262	10.00	10.28	3%
Durable Goods	28	21.36	22.93	7%
Education	4	—	—	—
Governmental & Other Nonprofit	352	2.51	2.63	5%
Health Services	12	7.58	9.25	22%
Merchandising	39	12.10	13.18	9%
Nonbanking Financial Services	116	9.39	11.12	18%
Nondurable Goods	50	22.92	23.87	4%
Personal & Business Services	146	9.76	10.22	5%
Petroleum, Mining, Agriculture	10	42.50	41.60	-2%
Real Estate, Construction	16	12.88	13.13	2%
Technology	472	9.09	9.67	6%
Transportation & Communications	45	10.81	11.53	7%
Utilities	8	136.06	145.13	7%
<b>All Size Groups</b>	<b>1,586</b>	<b>\$ 9.51</b>	<b>\$ 10.07</b>	<b>6%</b>

**Figure 14. Total Limits by Asset Size** (in millions)

Public Organizations

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 – \$6 million	44	\$ 3.00	\$ 5.00	\$ 10.00	\$ 7.27
\$6 million – \$10 million	28	5.00	5.00	15.00	8.91
\$10 million – \$50 million	130	6.75	12.00	20.00	17.50
\$50 million – \$100 million	94	10.00	15.00	20.00	16.63
\$100 million – \$400 million	146	15.00	20.00	30.00	22.82
\$400 million – \$1 billion	78	20.00	30.00	40.00	32.69
\$1 billion – \$2 billion	42	29.50	36.50	50.00	41.46
\$2 billion – \$5 billion	34	35.00	60.00	75.00	63.68
\$5 billion – \$10 billion	12	50.00	100.00	120.00	89.17
Over \$10 billion	24	46.25	127.50	238.75	144.17
<b>All Size Groups</b>	<b>632</b>	<b>\$10.00</b>	<b>\$ 20.00</b>	<b>\$ 30.00</b>	<b>\$ 29.63</b>

**Figure 15. Total Limits by Asset Size** (in millions)

Private Organizations

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 – \$6 million	636	\$ 1.00	\$ 2.00	\$ 3.00	\$ 2.67
\$6 million – \$10 million	169	2.00	3.00	5.00	4.12
\$10 million – \$50 million	476	2.00	3.00	5.00	4.42
\$50 million – \$100 million	111	3.00	5.00	8.00	7.18
\$100 million – \$400 million	78	5.00	7.00	15.00	11.25
\$400 million – \$1 billion	17	5.00	10.00	17.50	18.06
\$1 billion – \$2 billion	10	8.75	15.00	30.00	20.00
\$2 billion – \$5 billion	5	12.50	23.00	37.50	24.60
\$5 billion – \$10 billion	1	—	—	—	—
Over \$10 billion	3	—	—	—	—
<b>All Size Groups</b>	<b>1,506</b>	<b>\$ 1.00</b>	<b>\$ 3.00</b>	<b>\$ 5.00</b>	<b>\$ 4.62</b>

**Figure 16. Total Limits by Asset Size** (in millions)

Nonprofit Organizations

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 – \$6 million	297	\$ 1.00	\$ 1.00	\$ 2.00	\$ 1.62
\$6 million – \$10 million	31	1.00	2.00	5.00	3.05
\$10 million – \$50 million	36	3.00	5.00	8.00	5.86
\$50 million – \$100 million	5	4.00	10.00	10.00	7.60
\$100 million – \$400 million	12	5.50	10.00	13.75	9.25
\$400 million – \$1 billion	4	—	—	—	—
\$1 billion – \$2 billion	3	—	—	—	—
\$2 billion – \$5 billion	1	—	—	—	—
\$5 billion – \$10 billion	1	—	—	—	—
Over \$10 billion	1	—	—	—	—
<b>All Size Groups</b>	<b>391</b>	<b>\$ 1.00</b>	<b>\$ 1.00</b>	<b>\$ 3.00</b>	<b>\$ 2.92</b>

# Side A Only Coverage

Side A only D&O policies cover individual directors and officers when not indemnified by their organization.

While Side A had been growing in popularity in recent years, our 2007 survey saw a decline, even by repeat participants. We were unsure why this occurred because it did not reflect what we were seeing in the market. The 2008 survey showed that, overall, 11% of participants purchased a Side A only policy. This is up from 2007's 9%, but still less than the 14% reported in 2006. The percentage of public companies purchasing Side A only in their program jumped to 41% from 32% in 2007 and 38% in 2006.

For repeat survey participants, the percentage purchasing Side A only coverage increased 34%. This was primarily due to changes by public

organizations. Very few repeat private and nonprofit organizations purchase Side A only coverage.

When viewed according to asset size, there was a correlation between company size and the level of Side A only coverage. For example, only 16% of companies with assets of \$50 million to \$100 million reported buying Side A only within their program, while 73% (up from 53% in 2007) of companies with assets in excess of \$10 billion purchased coverage. Eighty percent of public companies with market capitalization greater than \$10 billion purchase Side A only coverage — 20% of these buy Side A coverage only (no Side B or C cover).

**Figure 17. Side A Only Coverage by Business Class**

	Participants Reporting	% in Group With Side A Only Coverage in Their Program	% of Participants With Only Side A Coverage
Banking	22	23%	5%
Biotechnology & Pharmaceuticals	426	4%	0%
Durable Goods	61	34%	0%
Education	16	6%	6%
Governmental & Other Nonprofit	394	1%	0%
Health Services	31	13%	0%
Merchandising	76	16%	0%
Nonbanking Financial Services	210	8%	1%
Nondurable Goods	114	32%	2%
Personal & Business Services	282	17%	0%
Petroleum, Mining, Agriculture	27	44%	4%
Real Estate, Construction	42	14%	0%
Technology	750	11%	0%
Transportation & Communications	79	18%	0%
Utilities	26	23%	0%
<b>All Business Classes</b>	<b>2,556</b>	<b>11%</b>	<b>0%</b>

**Figure 18. Side A Only Coverage by Ownership**

	Participants Reporting	% in Group With Side A Only Coverage in Their Program	% of Participants With Only Side A Coverage
Nonprofit	392	1%	0%
Private	1,545	1%	0%
Public	637	41%	1%
<b>All Groups</b>	<b>2,574</b>	<b>11%</b>	<b>0%</b>

**Figure 19. Side A Only Coverage by Ownership**

Repeat Participants for Last Two Years

	Participants Reporting	2007 Participants With Side A Only Coverage at Some Point	2007 % With Side A Only Coverage at Some Point	2008 Participants With Side A Only Coverage at Some Point	2008 % With Side A Only Coverage at Some Point	Change
Nonprofit	343	1	0%	1	0%	0%
Private	1,025	4	0%	8	1%	100%
Public	421	135	32%	179	43%	33%
<b>All Groups</b>	<b>1,789</b>	<b>140</b>	<b>8%</b>	<b>188</b>	<b>11%</b>	<b>34%</b>

**Figure 20. Side A Only Coverage by Asset Size**

	Participants Reporting	% in Group With Side A Only Coverage In Their Program	% of Participants With Only Side A Coverage
\$0 – \$6 million	977	1%	0%
\$6 million – \$10 million	228	3%	0%
\$10 million – \$50 million	642	6%	0%
\$50 million – \$100 million	210	16%	0%
\$100 million – \$400 million	236	31%	0%
\$400 million – \$1 billion	99	44%	1%
\$1 billion – \$2 billion	55	44%	2%
\$2 billion – \$5 billion	40	58%	3%
\$5 billion – \$10 billion	14	57%	7%
Over \$10 billion	26	73%	15%
<b>All Size Groups</b>	<b>2,527</b>	<b>11%</b>	<b>0%</b>

**Figure 21. Side A Only Coverage by Market Capitalization**

Public Only

	Participants Reporting	% in Group With Side A Only Coverage In Their Program	% of Participants With Only Side A Coverage
Under \$10 million	56	34%	2%
\$10 million – \$50 million	110	33%	1%
\$50 million – \$100 million	68	37%	0%
\$100 million – \$400 million	160	43%	0%
\$400 million – \$1 billion	88	42%	0%
\$1 billion – \$2 billion	58	53%	0%
\$2 billion – \$5 billion	25	60%	4%
\$5 billion – \$10 billion	22	55%	5%
Over \$10 billion	15	80%	20%
<b>All Size Groups</b>	<b>602</b>	<b>43%</b>	<b>1%</b>

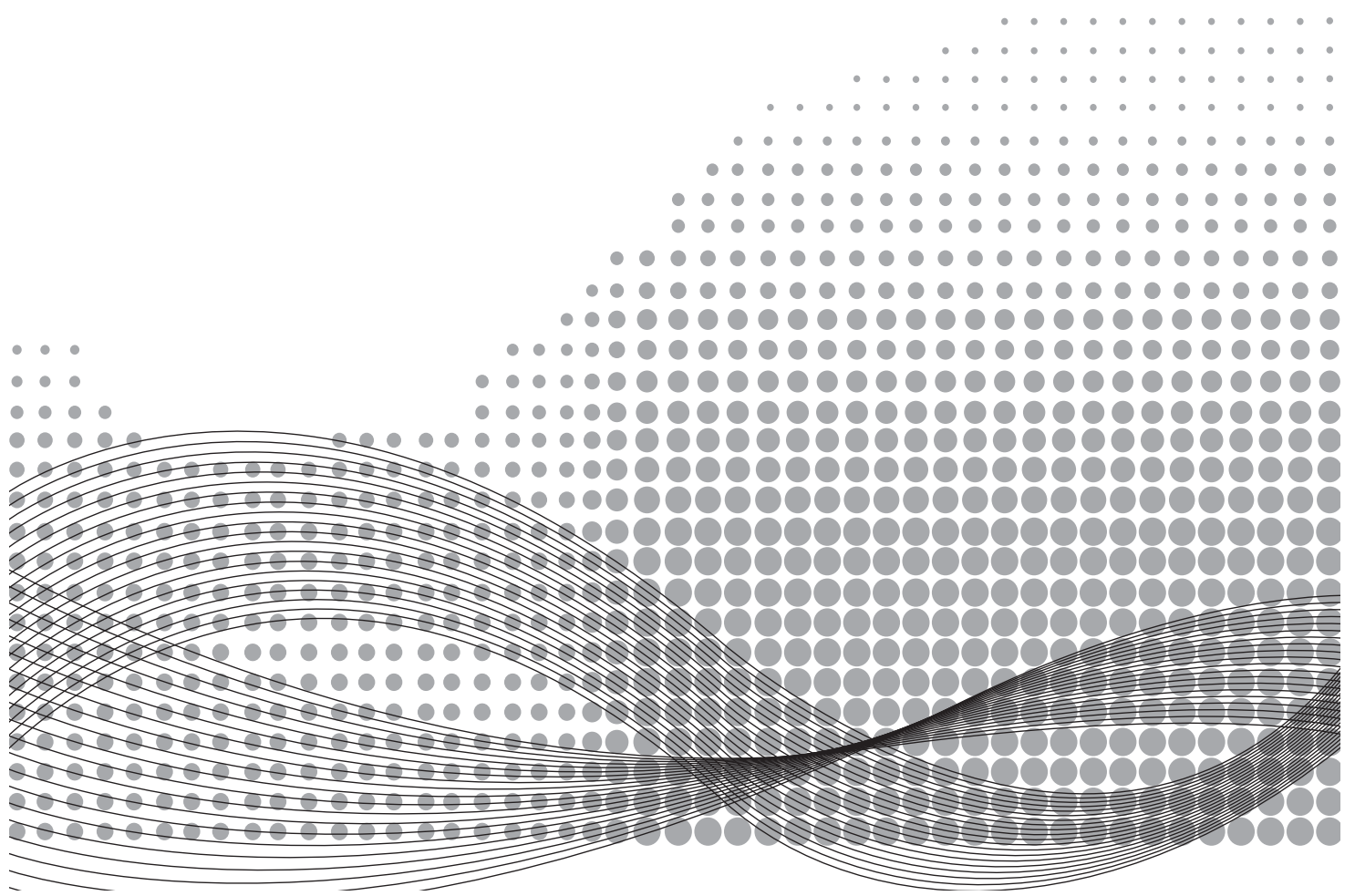
For those participants that purchased a Side A only policy in excess of Side A, B and C coverage, the average attachment point was \$26.5 million.

For those respondents grouped by asset size that only purchased a Side A only policy, the average limit was \$52.8 million, compared to \$9.7 million in 2007. This change was driven by participants with assets in excess of \$400 million.

The average Side A only limit for those participants that also purchased a Side A, B and C policy was \$12.0 million, down from \$13.1 million the year before. The Side A only average limit as a

percentage of total D&O limits was 31%. The average rate per \$1 million limit for Side A, B and C coverage was \$16,624, down from \$21,422 in 2007. The average rate per \$1 million limit for Side A only was \$15,638, up from \$11,015 the year before.

Fewer than 1% of respondents reported purchasing an IDL policy. In 2007, however, 23% reported that the coverage was being considered. In 2008, only 3.2% said they were considering the coverage. The decision has clearly been made for now: Organizations are not purchasing IDL policies.



**Figure 22. Side A Only Coverage Attachment Points by Asset Size**

	Average Attach Point (\$ millions)	Minimum Attach Point	Maximum Attach Point	Average Attach Layer (Prim=0, xs1=1, xs=2, etc.)
\$0 – \$6 million	13.0	3.0	40.0	1.91
\$6 million – \$10 million	9.5	5.0	15.0	1.67
\$10 million – \$50 million	15.5	3.0	125.0	2.05
\$50 million – \$100 million	14.9	5.0	25.0	2.50
\$100 million – \$400 million	16.9	5.0	35.0	2.68
\$400 million – \$1 billion	24.2	10.0	45.0	2.91
\$1 billion – \$2 billion	29.7	15.0	75.0	3.48
\$2 billion – \$5 billion	48.0	10.0	115.0	4.14
\$5 billion – \$10 billion	67.1	10.0	125.0	5.14
Over \$10 billion	95.7	20.0	250.0	5.73
<b>All Size Groups</b>	<b>26.5</b>	<b>3.0</b>	<b>250.0</b>	<b>2.97</b>

**Figure 23. Side A Only Limits and Premium Rates by Participant Asset Size**

	Average Limit for Side A Only Coverage (no A/B/C coverage)	Average Side A Only Limit for Participants That Also Have A/B/C Policy	Side A Only Average Limit as a % of Total D&O Limits	Average Rate per \$1M Limit for A/B/C Coverage	Average Rate per \$1M Limit for Side A Only Coverage
\$0 – \$6 million	1.0	5.2	29%	\$12,552	\$ 6,485
\$6 million – \$10 million	0.0	4.7	33%	13,696	7,333
\$10 million – \$50 million	0.0	7.0	30%	12,700	7,464
\$50 million – \$100 million	0.0	6.1	29%	15,513	10,151
\$100 million – \$400 million	0.0	7.5	31%	19,202	9,068
\$400 million – \$1 billion	3.0	8.4	26%	21,091	9,584
\$1 billion – \$2 billion	40.0	14.4	32%	25,563	10,705
\$2 billion – \$5 billion	60.0	17.0	26%	17,666	14,969
\$5 billion – \$10 billion	50.0	28.6	29%	19,198	9,044
Over \$10 billion	106.3	59.7	38%	7,751	30,258
<b>All Size Groups</b>	<b>52.8</b>	<b>12.0</b>	<b>31%</b>	<b>\$16,624</b>	<b>\$15,638</b>

**Figure 24. IDL Policy Purchase by Ownership**

	Yes	No, but Coverage Is Being Considered	No	N/A
Nonprofit	0.0%	1.0%	98.7%	0.3%
Private	0.1%	4.3%	94.2%	1.3%
Public	0.9%	1.7%	97.3%	0.0%
<b>All Size Groups</b>	<b>0.3%</b>	<b>3.2%</b>	<b>95.7%</b>	<b>0.8%</b>

# Coverage Enhancements

**Figure 25. Changes in Enhancements by Business Class**

	Increased	Decreased	Same
Banking	55%	0%	45%
Biotechnology & Pharmaceuticals	79%	0%	21%
Durable Goods	62%	2%	36%
Education	7%	0%	93%
Governmental & Other Nonprofit	7%	0%	93%
Health Services	77%	0%	23%
Merchandising	75%	0%	25%
Nonbanking Financial Services	77%	1%	22%
Nondurable Goods	66%	2%	32%
Personal & Business Services	76%	2%	23%
Petroleum, Mining, Agriculture	46%	0%	54%
Real Estate, Construction	71%	0%	29%
Technology	57%	1%	42%
Transportation & Communications	76%	4%	20%
Utilities	38%	0%	62%
Other	75%	0%	25%
<b>All Business Classes</b>	<b>54%</b>	<b>1%</b>	<b>45%</b>

**Figure 26. Changes in Exclusions by Business Class**

	Increased	Decreased	Same
Banking	15%	0%	85%
Biotechnology & Pharmaceuticals	0%	3%	97%
Durable Goods	2%	12%	86%
Education	0%	0%	100%
Governmental & Other Nonprofit	0%	0%	100%
Health Services	5%	0%	95%
Merchandising	3%	3%	94%
Nonbanking Financial Services	1%	2%	97%
Nondurable Goods	2%	9%	89%
Personal & Business Services	3%	2%	95%
Petroleum, Mining, Agriculture	0%	17%	83%
Real Estate, Construction	0%	0%	100%
Technology	2%	2%	96%
Transportation & Communications	6%	4%	91%
Utilities	0%	15%	85%
Other	0%	0%	100%
<b>All Business Classes</b>	<b>2%</b>	<b>3%</b>	<b>96%</b>

The D&O market has flattened with respect to D&O coverage enhancements. Fifty-four percent of participants reported an increase in coverage enhancements, compared to 61% in 2007. Only 1% reported a decrease in enhancements, compared to 3% the previous year. Only 3% of participants reported decreasing policy exclusions, compared to 34% the year before.

Entity coverage (Side C), which covers the organization itself, was purchased by 84% of all participants, up from 82% the previous year. As usual, larger organizations tended to buy less entity coverage than smaller organizations. However, as in 2007, the spread was not as prevalent as in previous years.

**Figure 27. Prevalence of Entity Coverage by Asset Size**

Under \$10 million	83%
\$100 million – \$400 million	93%
\$400 million – \$1 billion	92%
\$1 billion – \$2 billion	90%
\$2 billion – \$5 billion	86%
Over \$5 billion	81%
<b>All Asset Sizes</b>	<b>84%</b>

**Figure 28. Prevalence of Entity Coverage by Ownership**

Nonprofit	94%
Private	77%
Public	89%

**Figure 29. Prevalence of EPL Coverage by Full-Time Employees**

	No EPL	Stand-Alone EPL	D&O With EPL
Under 250	10%	36%	54%
251 – 1,000	7%	22%	72%
1,001 – 2,500	10%	22%	67%
2,501 – 5,000	16%	31%	53%
5,001 – 10,000	23%	18%	59%
Over 10,001	18%	38%	44%
<b>All Size Groups</b>	<b>10%</b>	<b>33%</b>	<b>57%</b>

**Figure 30. Prevalence of EPL Coverage by Ownership**

	No EPL	Stand-Alone EPL	D&O With EPL
Nonprofit	17%	4%	79%
Private	17%	36%	47%
Public	8%	22%	70%

**Figure 31. Purchase of Fiduciary Coverage**

<b>Yes</b>		
Shared limits with D&O policy		23.4%
Stand-alone policy		21.9%
Other		0.1%
<b>Total participants that purchase coverage</b>		<b>45.4%</b>
<b>No</b>		
Advice of counsel		0.5%
Coverage too limited		0.0%
Cost too high		19.9%
Unable to obtain coverage		0.3%
Other		33.9%
<b>Total</b>		<b>54.6%</b>

**Figure 32. Purchase of Fiduciary Coverage by Ownership**

	Yes	No
Nonprofit	23.4%	76.6%
Private	50.1%	49.9%
Public	49.0%	51.0%
<b>All Groups</b>	<b>45.4%</b>	<b>54.6%</b>

The percentage of participants purchasing EPL coverage as part of their D&O policy decreased slightly, from 60% in 2007 to 57% in 2008. The percentage of respondents that bought stand-alone EPL coverage was 33%. Only 10% of all respondents reported buying no EPL coverage. A comparison of EPL purchasing patterns by type of organization showed an increase in the number of both nonprofits and private organizations that did not buy any EPL insurance.

Fiduciary liability insurance, like EPL, is usually purchased as a stand-alone policy or endorsed to an organization's D&O policy (including package policies where the coverage is included in the policy form). In 2008, we saw a large jump in the percentage of respondents that purchased fiduciary coverage — split between those that buy stand-alone coverage and those that purchased fiduciary coverage as part of their D&O policy. Forty-five percent of participants reported purchasing fiduciary coverage — 13.4% as part of a D&O policy and 21.9% as a stand-alone policy. Conversely, 54.6% of respondents did not buy fiduciary coverage, with 20% citing high cost as the reason.

The average fiduciary limit for those that did buy coverage was \$9 million and the average premium was \$55,077. For companies with assets in excess of \$10 billion, the average limit was \$43 million for average premium of \$450,486. Average retention for all participants was \$675,656 and ranged from a low of \$8,038 for companies with less than \$6 million of assets, to \$4.6 million for companies with assets over \$10 billion.

The responses showed a clear delineation between those with assets greater than \$400 million and those with assets less than \$400 million. Those participants with less than \$400 million of assets purchased an average limit of \$3 million or less. But those participants with assets greater than \$400 million purchased an average of at least \$12 million.

**Figure 33. Total Stand-Alone Fiduciary Limits by Asset Size** (in millions)

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 – \$6 million	59	\$ 1.00	\$ 1.00	\$ 1.00	\$ 2.00
\$6 million – \$10 million	16	1.00	1.00	1.00	1.00
\$10 million – \$50 million	83	1.00	1.00	2.00	2.00
\$50 million – \$100 million	35	1.00	1.00	2.00	2.00
\$100 million – \$400 million	45	1.00	1.00	3.00	3.00
\$400 million – \$1 billion	21	1.00	5.00	20.00	17.00
\$1 billion – \$2 billion	17	5.00	10.00	20.00	12.00
\$2 billion – \$5 billion	20	11.00	20.00	39.00	30.00
\$5 billion – \$10 billion	8	8.00	23.00	50.00	30.00
Over \$10 billion	21	10.00	40.00	68.00	43.00
<b>Total</b>	<b>325</b>	<b>\$ 1.00</b>	<b>\$ 1.00</b>	<b>\$ 5.00</b>	<b>\$ 9.00</b>

**Figure 34. Total Stand-Alone Fiduciary Premium by Asset Size**

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 – \$6 million	60	\$ 683	\$ 1,275	\$ 2,201	\$ 3,146
\$6 million – \$10 million	16	825	1,204	1,997	2,012
\$10 million – \$50 million	84	1,200	1,717	4,738	15,243
\$50 million – \$100 million	33	1,776	2,880	5,337	3,771
\$100 million – \$400 million	43	2,000	3,300	9,000	11,109
\$400 million – \$1 billion	20	3,636	12,512	32,236	35,652
\$1 billion – \$2 billion	17	12,530	28,484	41,115	30,281
\$2 billion – \$5 billion	20	41,000	107,458	181,336	146,085
\$5 billion – \$10 billion	7	18,000	218,000	608,186	337,411
Over \$10 billion	20	51,499	389,842	838,109	450,486
<b>Total</b>	<b>320</b>	<b>\$ 1,381</b>	<b>\$ 2,983</b>	<b>\$ 12,219</b>	<b>\$ 55,077</b>

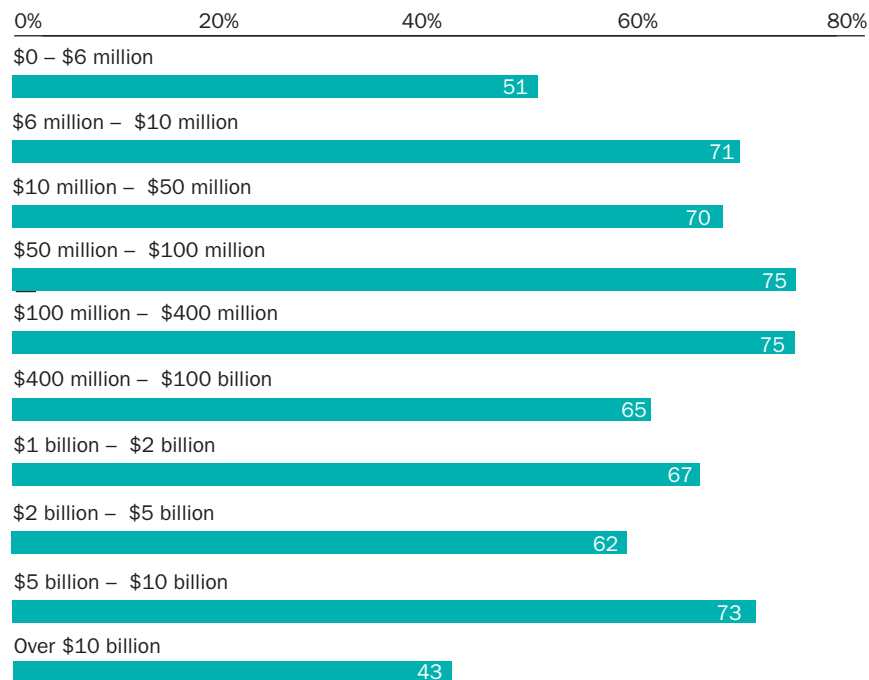
**Figure 35. Total Stand-Alone Fiduciary Retention by Asset Size**

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 – \$6 million	13	\$ 2,500	\$ 2,500	\$ 10,000	\$ 8,038
\$6 million – \$10 million	3	—	—	—	—
\$10 million – \$50 million	29	1,750	5,000	10,000	20,931
\$50 million – \$100 million	15	2,500	5,000	10,000	7,467
\$100 million – \$400 million	25	2,500	10,000	17,500	18,200
\$400 million – \$1 billion	14	10,000	25,000	212,500	144,654
\$1 billion – \$2 billion	17	25,000	50,000	175,000	91,471
\$2 billion – \$5 billion	18	100,000	175,000	250,000	569,444
\$5 billion – \$10 billion	8	16,250	175,000	437,500	269,713
Over \$10 billion	20	50,000	500,000	5,000,000	4,608,500
<b>Total</b>	<b>162</b>	<b>\$ 5,000</b>	<b>\$ 17,500</b>	<b>\$ 100,000</b>	<b>\$ 675,656</b>

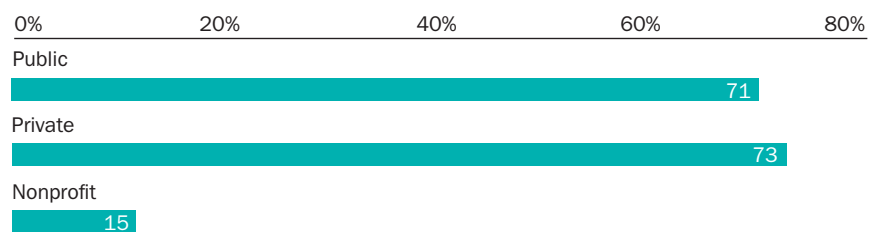
# D&O Inquiries

For the fourth year in a row, participants were asked whether potential directors had inquired about D&O coverage. In 2006, participants reported an increase in inquiries across all asset sizes and ownership types. In 2007, with few exceptions, companies reported fewer inquiries. During 2008, this trend continued, with most asset size categories reporting a decline in inquiries compared to 2007. Interestingly, both public and private organizations reported increases from 2007, but nonprofit organizations reported a large decline in inquiries — from 67% in 2007, to only 15% in 2008.

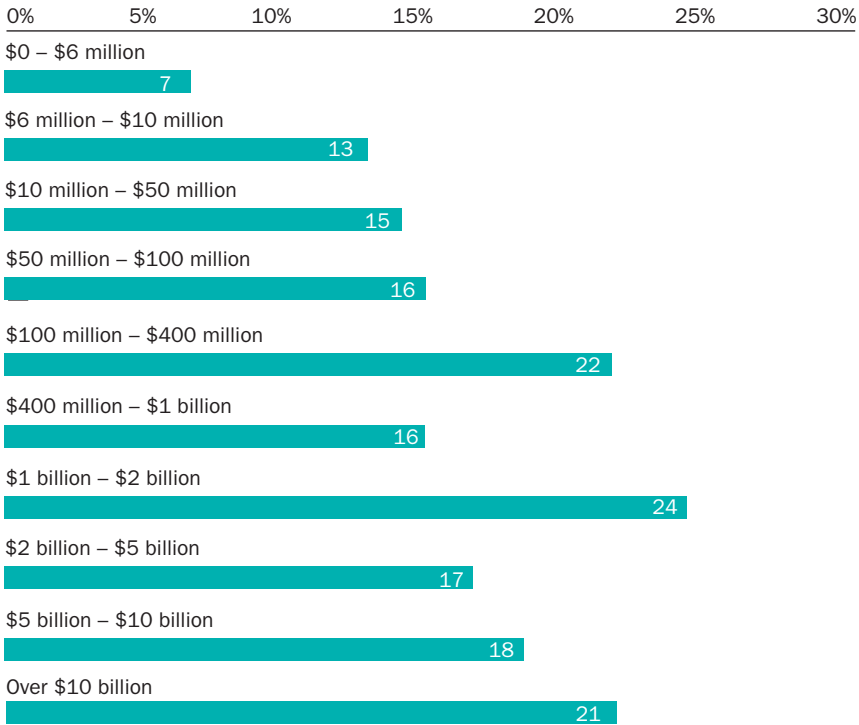
**Figure 36. D&O Inquiries by Asset Size**



**Figure 37. D&O Inquiries by Ownership**



**Figure 38. D&O Coverage Changes From D&O Requests by Asset Size**



# Retentions

Side A coverage usually has no retention for the individual director or officer. If there is a policy retention, it is usually less than a few thousand dollars. Historically, 90% or more of our survey respondents report having no Side A deductible or retention. As a result, we have focused our attention on the Side B (corporate reimbursement for indemnification payments) and Side C (entity direct liability) retentions, which are often the same amount.

Participants were asked whether their retentions had increased, decreased or remained the same from the prior policy year. Across all business classes for all participants, 8% reported an increase in retentions from the previous year, while 14% reported decreased retentions. Seventy-seven percent said retentions were unchanged.

The average retention for all respondents shown by asset size was \$191,000, compared to \$287,000 in 2007 and \$426,000 in 2006. The average ranged from a low of \$23,000 for entities with assets less than \$6 million to a high of \$3,621,000 for participants with assets of over \$10 billion. For repeat participants, the average retention was \$244,000, down 21% from \$308,000 in 2007.

**Figure 39. Changes in Retentions by Business Class**

	Increased	Decreased	Same
Banking	0%	9%	91%
Biotechnology & Pharmaceuticals	7%	25%	69%
Durable Goods	8%	16%	76%
Education	44%	0%	56%
Governmental & Other Nonprofit	6%	2%	91%
Health Services	6%	19%	75%
Merchandising	5%	23%	72%
Nonbanking Financial Services	7%	14%	79%
Nondurable Goods	8%	16%	76%
Personal & Business Services	9%	17%	74%
Petroleum, Mining, Agriculture	0%	18%	82%
Real Estate, Construction	12%	8%	81%
Technology	11%	21%	68%
Transportation & Communications	5%	22%	73%
Utilities	—	—	—
Other	—	—	—
<b>All Business Classes</b>	<b>8%</b>	<b>14%</b>	<b>77%</b>

**Figure 40. Entity/Reimbursement Retention Levels by Asset Size** (in thousands)

All Organizations

	Participants Reporting	No Retention	First Quartile	Median	Third Quartile	Average
\$0 – \$6 million	646	327	\$ 3	\$ 5	\$ 20	\$ 23
\$6 million – \$10 million	111	116	5	15	50	55
\$10 million – \$50 million	312	326	15	25	100	110
\$50 million – \$100 million	112	92	50	100	250	151
\$100 million – \$400 million	159	73	100	250	350	247
\$400 million – \$1 billion	71	24	150	250	500	361
\$1 billion – \$2 billion	38	14	169	275	813	556
\$2 billion – \$5 billion	26	14	438	625	1,375	1,864
\$5 billion – \$10 billion	8	6	313	750	4,188	2,388
Over \$10 billion	17	11	250	1,000	5,000	3,621
<b>All Size Groups</b>	<b>1,500</b>	<b>1,003</b>	<b>\$ 5</b>	<b>\$ 25</b>	<b>\$ 150</b>	<b>\$ 191</b>

**Figure 41. Entity/Reimbursement Retention Levels by Asset Size** (in thousands)

All Organizations, Repeat Participants for Last Two Years

	Participants Reporting	2007 Average Limits	2008 Average Limits	% Change
\$0 – \$6 million	225	\$ 32	\$ 29	-10%
\$6 million – \$10 million	56	27	22	-17%
\$10 million – \$50 million	118	141	76	-46%
\$50 million – \$100 million	42	242	135	-44%
\$100 million – \$400 million	72	428	295	-31%
\$400 million – \$1 billion	27	478	381	-20%
\$1 billion – \$2 billion	8	1,125	488	-57%
\$2 billion – \$5 billion	7	2,750	2,714	-1%
\$5 billion – \$10 billion	3	—	—	—
Over \$10 billion	10	6,410	5,860	-9%
<b>All Size Groups</b>	<b>568</b>	<b>\$ 308</b>	<b>\$ 244</b>	<b>-21%</b>

# Insurance Premium

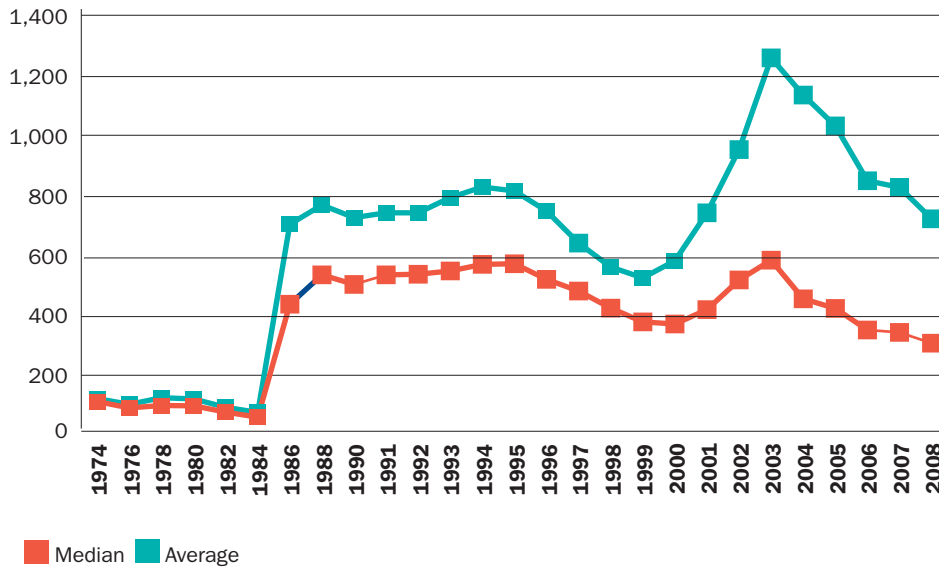
In 1974, Towers Watson developed a standardized premium index for D&O coverage. The index was established at a value of 100 for the average D&O premium of a typical U.S. for-profit survey respondent in terms of policy limit, retention and other coverage features. In subsequent surveys, we have compared the reported premium to this standard to generate a premium index.

Premiums continued to slide in 2008. The 2008 index shows a 14% reduction in average premiums compared to a 3% decline in 2007 and an 18% drop in 2006. Results showed that 30% of participants

experienced a premium increase; 33% experienced a premium decrease, and 37% reported no change.

Average premium paid in 2008 was \$149,826, compared to \$148,118 in 2007. Companies with assets less than \$6 million paid an average \$14,266, compared to \$1,878,748 for companies with assets over \$10 billion. Repeat participants reported their average premium decreased by 5%, from \$148,672 in 2007 to \$141,029 in 2008.

**Figure 42. Premium Index**  
U.S., For-Profit Only



The total premium for all public company participants ranked by market capitalization averaged \$497,648, compared to \$561,669 the previous year.

Most repeat participants grouped by business class reported reductions in average premiums over the previous year. The Real Estate and Construction business class reported the largest reduction, at 28%. Nonbanking Financial Services reported the largest increase, at 13%.

The average premium paid by public organizations (measured by asset size instead of market capitalization) was \$482,089. The average premium paid by private organizations was \$46,315. The average premium paid by nonprofits was \$12,570.

### Figure 43. D&O Premium Index Trends

For-Profit Only

Year	First Quartile	Median	Third Quartile	Average
1974	69	90	116	100
1976	51	69	91	81
1978	56	77	109	103
1980	55	76	108	99
1982	36	55	85	71
1984	27	38	60	54
1986	158	415	784	682
1988	344	513	847	746
1990	323	481	804	704
1991	338	513	806	720
1992	346	515	865	720
1993	335	526	910	771
1994	329	548	933	806
1995	340	550	970	793
1996	311	498	895	726
1997	294	459	717	619
1998	257	402	618	539
1999	232	356	568	503
2000	209	349	605	560
2001	215	397	830	720
2002	273	496	1,026	931
2003	244	562	1,756	1,237
2004	213	433	1,506	1,113
2005	210	401	1,374	1,010
2006	187	329	1,052	827
2007	176	321	946	805
2008	168	283	784	694

**Figure 44. Changes in Premium by Business Class**

	Increased	Decreased	Same
Banking	36%	50%	14%
Biotechnology & Pharmaceuticals	36%	47%	17%
Durable Goods	21%	37%	42%
Education	27%	27%	47%
Governmental & Other Nonprofit	32%	22%	47%
Health Services	39%	28%	33%
Merchandising	33%	28%	39%
Nonbanking Financial Services	25%	52%	23%
Nondurable Goods	28%	30%	42%
Personal & Business Services	30%	23%	47%
Petroleum, Mining, Agriculture	9%	26%	65%
Real Estate, Construction	29%	32%	39%
Technology	32%	38%	30%
Transportation & Communications	28%	31%	41%
Utilities	38%	54%	8%
Other	14%	57%	29%
<b>All Business Classes</b>	<b>30%</b>	<b>33%</b>	<b>37%</b>

**Figure 45. Total Premium by Asset Size**

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 – \$6 million	977	\$ 3,073	\$ 6,600	\$ 11,716	\$ 14,266
\$6 million – \$10 million	228	8,025	12,211	27,110	48,312
\$10 million – \$50 million	643	10,698	19,129	54,274	86,239
\$50 million – \$100 million	210	19,806	53,888	234,850	165,590
\$100 million – \$400 million	236	60,482	225,912	424,528	290,843
\$400 million – \$1 billion	99	155,000	445,097	702,327	487,041
\$1 billion – \$2 billion	55	270,000	576,285	902,572	768,792
\$2 billion – \$5 billion	40	458,967	785,212	1,261,038	905,706
\$5 billion – \$10 billion	14	150,450	1,298,804	2,264,218	1,259,842
Over \$10 billion	27	429,275	1,561,698	2,902,683	1,878,748
<b>All Size Groups</b>	<b>2,529</b>	<b>\$ 6,900</b>	<b>\$ 15,238</b>	<b>\$ 78,575</b>	<b>\$ 149,826</b>

**Figure 46. Total Premium by Asset Size**

Repeat Participants for Last Two Years

	Participants Reporting	2007 Average Premium	2008 Average Premium	% Change
\$0 – \$6 million	474	\$ 18,606	\$ 13,174	-29%
\$6 million – \$10 million	129	19,417	21,285	10%
\$10 million – \$50 million	288	102,659	98,573	-4%
\$50 million – \$100 million	77	195,271	197,265	1%
\$100 million – \$400 million	117	375,413	334,210	-11%
\$400 million – \$1 billion	39	555,146	570,055	3%
\$1 billion – \$2 billion	17	921,972	888,091	-4%
\$2 billion – \$5 billion	10	667,838	737,605	10%
\$5 billion - \$10 billion	4	—	—	—
Over \$10 billion	13	2,995,284	2,603,674	-13%
<b>All Size Groups</b>	<b>1,168</b>	<b>\$ 162,017</b>	<b>\$ 150,673</b>	<b>-7%</b>

**Figure 47. Total Premium by Market Capitalization**

Public Only

	Participants Reporting	First Quartile	Median	Third Quartile	Average
Under \$10 million	56	\$ 29,744	\$ 62,500	\$ 130,174	\$ 210,883
\$10 million – \$50 million	110	60,281	111,657	229,722	235,547
\$50 million – \$100 million	68	97,750	182,055	296,785	223,352
\$100 million – \$400 million	160	170,936	295,936	445,073	371,499
\$400 million – \$1 billion	88	283,081	428,791	662,010	486,487
\$1 billion – \$2 billion	58	429,320	672,289	921,938	773,684
\$2 billion – \$5 billion	25	585,013	866,105	1,483,562	1,255,309
\$5 billion – \$10 billion	22	739,086	1,345,900	2,212,364	1,509,552
Over \$10 billion	16	1,058,500	2,267,435	3,029,731	2,216,068
<b>All Groups</b>	<b>603</b>	<b>\$ 113,625</b>	<b>\$ 298,240</b>	<b>\$ 569,500</b>	<b>\$ 497,648</b>

**Figure 48. Total Premium by Business Class**

	Participants Reporting	First Quartile	Median	Third Quartile	Average
Banking	23	\$44,000	\$ 85,162	\$ 256,000	\$ 69,257
Biotechnology & Pharmaceuticals	426	8,269	15,307	69,944	151,451
Durable Goods	61	15,149	107,965	540,543	383,574
Education	16	2,333	6,933	22,652	65,848
Governmental & Other Nonprofit	394	1,299	2,457	7,807	11,502
Health Services	31	8,680	20,625	82,500	80,024
Merchandising	76	7,441	15,925	89,257	121,763
Nonbanking Financial Services	210	16,999	40,000	137,250	174,081
Nondurable Goods	114	14,124	90,875	389,152	276,147
Personal & Business Services	282	7,720	14,650	77,040	125,505
Petroleum, Mining, Agriculture	27	53,500	219,500	706,343	573,344
Real Estate, Construction	42	9,229	15,621	118,735	109,095
Technology	750	8,402	15,722	67,251	140,349
Transportation & Communications	79	9,455	23,377	153,200	152,007
Utilities	27	14,462	59,216	1,362,833	1,006,324
Other	18	10,668	22,807	154,072	109,395
<b>All Business Classes</b>	<b>2,576</b>	<b>\$ 6,964</b>	<b>\$ 15,334</b>	<b>\$ 78,068</b>	<b>\$ 148,033</b>

**Figure 49. Total Premium by Business Class**

Repeat Participants for Last Two Years

	Participants Reporting	2007 Average Premium	2008 Average Premium	% Change
Banking	15	\$ 134,897	\$ 129,892	-4%
Biotechnology & Pharmaceuticals	262	183,028	161,370	-12%
Durable Goods	28	412,043	400,246	-3%
Education	4	—	—	—
Governmental & Other Nonprofit	353	8,718	8,734	0%
Health Services	12	106,332	108,099	2%
Merchandising	39	173,135	177,300	2%
Nonbanking Financial Services	116	166,493	188,117	13%
Nondurable Goods	49	255,791	250,682	-2%
Personal & Business Services	146	150,995	149,857	-1%
Petroleum, Mining, Agriculture	10	669,055	678,188	1%
Real Estate, Construction	16	204,581	148,004	-28%
Technology	472	150,383	143,398	-5%
Transportation & Communications	45	164,278	136,063	-17%
Utilities	7	2,900,864	2,482,262	-14%
<b>All Business Classes</b>	<b>1,586</b>	<b>\$ 148,672</b>	<b>\$ 141,029</b>	<b>-5%</b>

**Figure 50. Total Premium by Asset Size**

Public Organizations

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 – \$6 million	44	\$ 25,000	\$ 44,364	\$ 83,528	\$ 77,227
\$6 million – \$10 million	28	39,250	71,875	137,912	99,859
\$10 million – \$50 million	130	61,154	126,054	261,739	239,843
\$50 million – \$100 million	94	98,813	226,200	322,315	250,960
\$100 million – \$400 million	146	206,483	335,500	487,922	381,162
\$400 million – \$1 billion	78	343,650	519,070	794,739	585,386
\$1 billion – \$2 billion	42	383,357	668,469	1,070,297	946,280
\$2 billion – \$5 billion	34	581,760	916,140	1,323,669	1,019,497
\$5 billion – \$10 billion	12	863,282	1,349,404	2,270,653	1,454,607
Over \$10 billion	23	695,250	1,720,000	3,072,080	2,176,643
<b>All Size Groups</b>	<b>631</b>	<b>\$102,220</b>	<b>\$ 284,823</b>	<b>\$ 562,680</b>	<b>\$ 482,089</b>

**Figure 51. Total Premium by Asset Size**

Private Organizations

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 – \$6 million	636	\$ 5,420	\$ 8,220	\$ 13,026	\$ 15,010
\$6 million – \$10 million	169	8,394	11,959	20,059	46,749
\$10 million – \$50 million	477	9,356	15,447	27,347	49,523
\$50 million – \$100 million	111	12,879	21,982	43,500	98,819
\$100 million – \$400 million	78	21,557	45,786	94,341	146,840
\$400 million – \$1 billion	17	44,950	59,216	122,972	130,213
\$1 billion – \$2 billion	10	110,438	169,588	268,351	207,451
\$2 billion – \$5 billion	5	130,115	288,148	367,325	256,605
\$5 billion – \$10 billion	1	—	—	—	—
Over \$10 billion	3	—	—	—	—
<b>All Size Groups</b>	<b>1,507</b>	<b>\$ 7,220</b>	<b>\$ 12,000</b>	<b>\$ 23,400</b>	<b>\$ 46,315</b>

**Figure 52. Total Premium by Asset Size**

Nonprofit Organizations\*

	Participants Reporting	First Quartile	Median	Third Quartile	Average
\$0 – \$6 million	297	\$ 1,119	\$ 1,725	\$ 3,885	\$ 3,347
\$6 million – \$10 million	31	2,804	6,000	9,682	10,279
\$10 million – \$50 million	36	11,618	16,462	20,522	18,046
\$50 million – \$100 million	5	12,741	52,000	68,657	42,959
\$100 million – \$400 million	12	18,453	61,491	254,516	127,964
\$400 million – \$1 billion	4	—	—	—	—
\$1 billion – \$2 billion	3	—	—	—	—
\$2 billion – \$5 billion	1	—	—	—	—
\$5 billion – \$10 billion	1	—	—	—	—
Over \$10 billion	1	—	—	—	—
<b>All Size Groups</b>	<b>391</b>	<b>\$ 1,300</b>	<b>\$ 2,481</b>	<b>\$ 8,039</b>	<b>\$ 12,570</b>

\*For confidentiality reasons, data are not shown when the number of participants is less than five.

# Insurance Carriers

Our analysis of insurance carriers separates results between primary and excess insurers. Companies are measured by policy volume and policy count.

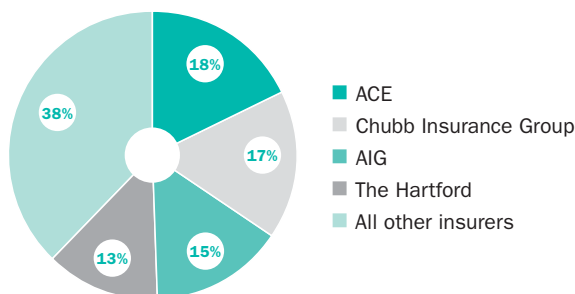
Total D&O premium collected by insurers from our survey participants was \$415 million across 4,448 policies (2,662 primary policies with \$181 million of premium and 1,786 excess policies with \$234 million of premium). The 2008 survey revealed some changes in ranking for policy count and premium volume.

ACE became the leader in primary policy count, with a 17.8% market share. ACE was followed by Chubb (16.8%), AIG (14.6%) and The Hartford (13.2%). In terms of premium volume, AIG maintained its number one ranking, with 29.7% market share of the primary market. Chubb was second largest in the individual insurance market. ACE, which had been the third largest primary writer by premium volume in 2007, dropped to eighth, with a 4.4% market share.

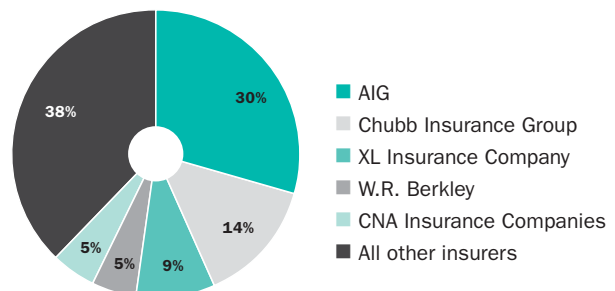
**Figure 53. Market Share for Primary Insurers**

Insurer	Policy Count	Percent	Rank	Premium Volume	Percent	Rank
ACE	474	17.8%	1	\$7,951,973	4.4%	8
AIG	389	14.6%	3	53,726,528	29.7%	1
Berkshire Hathaway Group	21	0.8%	17	28,104	0.0%	18
Chubb Insurance Group	448	16.8%	2	25,502,526	14.1%	3
CNA Insurance Companies	99	3.7%	7	8,424,577	4.7%	6
Great American Insurance Group	30	1.1%	16	1,701,644	0.9%	15
The Hartford	351	13.2%	4	8,011,421	4.4%	7
Houston Casualty	37	1.4%	11	1,584,673	0.9%	16
Liberty International	39	1.5%	10	3,030,237	1.7%	12
Lloyds of London and other London underwriters	36	1.4%	12	7,099,073	3.9%	9
Navigators Insurance	34	1.3%	14	2,624,165	1.5%	14
Old Republic	15	0.6%	18	2,890,400	1.6%	13
Philadelphia Insurance Group	36	1.4%	12	223,883	0.1%	17
Travelers	89	3.3%	9	4,058,036	2.2%	10
W.R. Berkley	205	7.7%	6	9,073,406	5.0%	5
XL Insurance Company	94	3.5%	8	15,655,978	8.7%	4
Zurich Insurance Company	32	1.2%	15	3,567,622	2.0%	11
Other	233	8.8%	5	25,672,221	14.2%	2
<b>All Insurers</b>	<b>2,662</b>	<b>100%</b>		<b>\$180,826,467</b>	<b>100%</b>	

**Figure 54. Primary Market Share by Policy Count**



**Figure 55. Primary Market Share by Premium Volume**



Among excess insurers, XL was ranked first by policy count (13.7%) and second by percent of premium (10.6%). In terms of policy count, Chubb ranks second, and AIG ranks third. In terms of premium, Chubb ranks first with 12.1% of premium, and AIG again ranks third.

Given AIG's financial difficulties, we were curious about its renewal retention rate among repeat survey participants. Ninety-three percent of participants that had AIG on their D&O insurance

program in our 2007 survey still had coverage with them in 2008. We did not assess whether they were providing the same amount of capacity at the same attachment level.

Appendix A contains a listing of all insurance markets we know of that write direct D&O insurance.

**Figure 56. Leading Primary Insurer by Insured's Asset Size**

Excluding other insurers

<b>Asset Size</b>	<b>Insurer</b>	<b>Percent of Policy Count</b>	<b>Percent of Premium Volume</b>
\$0 – \$6 million	ACE	<b>29%</b>	<b>21%</b>
	The Hartford	<b>14%</b>	<b>14%</b>
	Chubb Insurance Group	<b>12%</b>	<b>11%</b>
	W.R. Berkley	<b>7%</b>	<b>6%</b>
	AIG	<b>6%</b>	<b>11%</b>
\$6 million – \$10 million	Chubb Insurance Group	<b>20%</b>	<b>14%</b>
	ACE	<b>17%</b>	<b>6%</b>
	The Hartford	<b>17%</b>	<b>11%</b>
	AIG	<b>14%</b>	<b>28%</b>
	W.R. Berkley	<b>11%</b>	<b>10%</b>
\$10 million – \$50 million	Chubb Insurance Group	<b>20%</b>	<b>16%</b>
	The Hartford	<b>18%</b>	<b>7%</b>
	AIG	<b>17%</b>	<b>26%</b>
	ACE	<b>14%</b>	<b>6%</b>
	W.R. Berkley	<b>9%</b>	<b>9%</b>
\$50 million – \$100 million	AIG	<b>21%</b>	<b>25%</b>
	Chubb Insurance Group	<b>20%</b>	<b>15%</b>
	W.R. Berkley	<b>10%</b>	<b>10%</b>
	The Hartford	<b>9%</b>	<b>3%</b>
	XL Insurance Company	<b>6%</b>	<b>8%</b>
	ACE	<b>6%</b>	<b>3%</b>
	Liberty International	<b>5%</b>	<b>6%</b>

**Figure 56 (continued). Leading Primary Insurer by Insured's Asset Size**

Excluding other insurers

<b>Asset Size</b>	<b>Insurer</b>	<b>Percent of Policy Count</b>	<b>Percent of Premium Volume</b>
\$100 million – \$400 million	AIG	<b>28%</b>	<b>41%</b>
	Chubb Insurance Group	<b>18%</b>	<b>11%</b>
	W.R. Berkley	<b>8%</b>	<b>7%</b>
	The Hartford	<b>6%</b>	<b>2%</b>
	ACE	<b>5%</b>	<b>4%</b>
\$400 million – \$1 billion	AIG	<b>31%</b>	<b>41%</b>
	Chubb Insurance Group	<b>20%</b>	<b>17%</b>
	Travelers	<b>6%</b>	<b>4%</b>
	XL Insurance Company	<b>5%</b>	<b>6%</b>
	W.R. Berkley	<b>5%</b>	<b>3%</b>
\$1 billion – \$2 billion	AIG	<b>27%</b>	<b>27%</b>
	Chubb Insurance Group	<b>24%</b>	<b>21%</b>
	XL Insurance Company	<b>11%</b>	<b>7%</b>
	Lloyds of London and other London underwriters	<b>9%</b>	<b>11%</b>
	The Hartford	<b>7%</b>	<b>3%</b>
	Zurich Insurance Company	<b>5%</b>	<b>2%</b>
\$2 billion – \$5 billion	Chubb Insurance Group	<b>28%</b>	<b>21%</b>
	AIG	<b>23%</b>	<b>25%</b>
	Aegis	<b>8%</b>	<b>13%</b>
	The Hartford	<b>8%</b>	<b>7%</b>
	Zurich Insurance Company	<b>8%</b>	<b>6%</b>
	Travelers	<b>8%</b>	<b>5%</b>
	Lloyds of London and other London underwriters	<b>5%</b>	<b>7%</b>
\$5 billion – \$10 billion	AIG	<b>27%</b>	<b>44%</b>
	Lloyds of London and other London underwriters	<b>13%</b>	<b>21%</b>
	The Hartford	<b>13%</b>	<b>13%</b>
	Houston Casualty	<b>13%</b>	<b>6%</b>
	Chubb Insurance Group	<b>13%</b>	<b>2%</b>
	Zurich Insurance Company	<b>7%</b>	<b>10%</b>
	Travelers	<b>7%</b>	<b>3%</b>
	AXIS Financial	<b>7%</b>	<b>2%</b>
Over \$10 billion	AIG	<b>23%</b>	<b>20%</b>
	Chubb Insurance Group	<b>15%</b>	<b>7%</b>
	Aegis	<b>12%</b>	<b>29%</b>
	Lloyds of London and other London underwriters	<b>12%</b>	<b>6%</b>
	XL Insurance Company	<b>8%</b>	<b>28%</b>
	Travelers	<b>8%</b>	<b>3%</b>
	Sargasso Mutual Insurance Company Limited	<b>8%</b>	<b>0%</b>

**Figure 57. Leading Primary Insurers by Business Class**

Excluding other insurers

<b>Business Class</b>	<b>Insurer</b>	<b>Percent of Policy Count</b>	<b>Percent of Premium Volume</b>
Banking	AIG	18%	10%
	XL Insurance Company	14%	71%
	Travelers	14%	6%
	Chubb Insurance Group	14%	4%
	ACE	14%	0%
Biotechnology & Pharmaceuticals	AIG	18%	19%
	W.R. Berkley	18%	13%
	The Hartford	16%	5%
	ACE	15%	4%
	Chubb Insurance Group	14%	11%
	CNA Insurance Companies	6%	17%
Durable Goods	AIG	31%	53%
	Chubb Insurance Group	21%	11%
	ACE	8%	3%
	The Hartford	8%	0%
	XL Insurance Company	7%	2%
Education	Philadelphia Insurance Group	50%	5%
	United Educators Insurance RRG	11%	17%
	AIG	6%	69%
	Great American Insurance Group	6%	3%
	ACE	6%	2%
	Chubb Insurance Group	6%	1%
Governmental & Other Nonprofit	Chubb Insurance Group	19%	23%
	The Hartford	15%	8%
	CNA Insurance Companies	11%	5%
	Travelers	10%	6%
	ACE	7%	5%
Health Services	Chubb Insurance Group	27%	24%
	The Hartford	24%	9%
	ACE	15%	14%
	Zurich Insurance Company	6%	12%
	AIG	6%	10%

**Figure 57 (continued). Leading Primary Insurers by Business Class**

Excluding other insurers

<b>Business Class</b>	<b>Insurer</b>	<b>Percent of Policy Count</b>	<b>Percent of Premium Volume</b>
Merchandising	ACE	<b>27%</b>	<b>17%</b>
	AIG	<b>19%</b>	<b>22%</b>
	Chubb Insurance Group	<b>16%</b>	<b>19%</b>
	The Hartford	<b>16%</b>	<b>14%</b>
Nonbanking Financial Services	Chubb Insurance Group	<b>21%</b>	<b>18%</b>
	The Hartford	<b>16%</b>	<b>8%</b>
	Houston Casualty	<b>13%</b>	<b>5%</b>
	AIG	<b>11%</b>	<b>13%</b>
	XL Insurance Company	<b>8%</b>	<b>14%</b>
Nondurable Goods	AIG	<b>32%</b>	<b>51%</b>
	ACE	<b>18%</b>	<b>2%</b>
	Chubb Insurance Group	<b>14%</b>	<b>17%</b>
	Navigators Insurance	<b>5%</b>	<b>3%</b>
	W.R. Berkley	<b>5%</b>	<b>2%</b>
Other	ACE	<b>28%</b>	<b>20%</b>
	The Hartford	<b>22%</b>	<b>8%</b>
	Chubb Insurance Group	<b>17%</b>	<b>23%</b>
	XL Insurance Company	<b>11%</b>	<b>5%</b>
	Quanta Capital Holdings Ltd.	<b>6%</b>	<b>19%</b>
	Zurich Insurance Company	<b>6%</b>	<b>17%</b>
	AXIS Financial	<b>6%</b>	<b>8%</b>
	Philadelphia Insurance Group	<b>6%</b>	<b>0%</b>
Personal & Business Services	ACE	<b>32%</b>	<b>6%</b>
	AIG	<b>15%</b>	<b>39%</b>
	Chubb Insurance Group	<b>11%</b>	<b>13%</b>
	W.R. Berkley	<b>9%</b>	<b>9%</b>
	The Hartford	<b>9%</b>	<b>4%</b>
Petroleum, Mining, Agriculture	AIG	<b>31%</b>	<b>30%</b>
	XL Insurance Company	<b>12%</b>	<b>24%</b>
	Chubb Insurance Group	<b>12%</b>	<b>8%</b>
	Zurich Insurance Company	<b>8%</b>	<b>15%</b>
	ACE	<b>8%</b>	<b>0%</b>

**Figure 57 (continued). Leading Primary Insurers by Business Class**

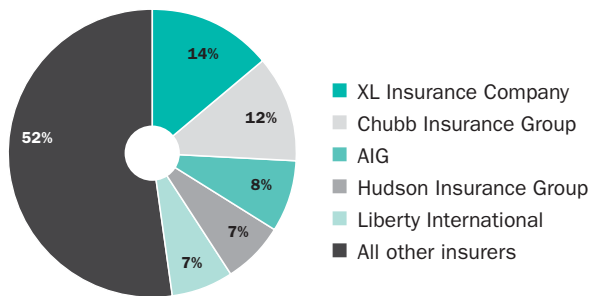
Excluding other insurers

<b>Business Class</b>	<b>Insurer</b>	<b>Percent of Policy Count</b>	<b>Percent of Premium Volume</b>
Real Estate, Construction	Chubb Insurance Group	<b>21%</b>	<b>13%</b>
	The Hartford	<b>15%</b>	<b>26%</b>
	ACE	<b>15%</b>	<b>1%</b>
	AIG	<b>10%</b>	<b>18%</b>
	XL Insurance Company	<b>10%</b>	<b>7%</b>
	Travelers	<b>8%</b>	<b>4%</b>
	Zurich Insurance Company	<b>8%</b>	<b>3%</b>
	Great American Insurance Group	<b>5%</b>	<b>7%</b>
Technology	ACE	<b>25%</b>	<b>6%</b>
	Chubb Insurance Group	<b>18%</b>	<b>18%</b>
	AIG	<b>15%</b>	<b>34%</b>
	The Hartford	<b>14%</b>	<b>4%</b>
	W.R. Berkley	<b>9%</b>	<b>5%</b>
Transportation & Communications	AIG	<b>24%</b>	<b>56%</b>
	ACE	<b>20%</b>	<b>2%</b>
	Chubb Insurance Group	<b>19%</b>	<b>14%</b>
	W.R. Berkley	<b>9%</b>	<b>6%</b>
	The Hartford	<b>8%</b>	<b>2%</b>
Utilities	Aegis	<b>33%</b>	<b>87%</b>
	AIG	<b>22%</b>	<b>10%</b>
	Chubb Insurance Group	<b>15%</b>	<b>1%</b>
	The Hartford	<b>7%</b>	<b>0%</b>
	ACE	<b>7%</b>	<b>0%</b>

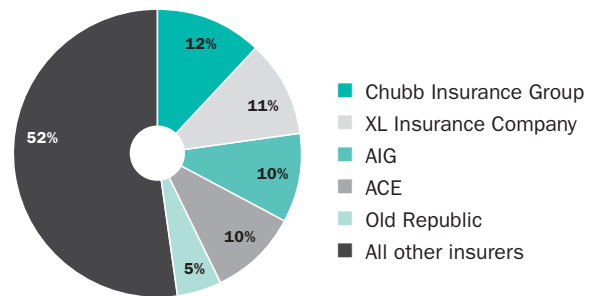
**Figure 58. Market Share for Excess Insurers**

Insurer	Policy Count	Count Percent	Count Rank	Premium Volume	Premium Percent	Rank
ACE	78	4.4%	9	\$ 23,384,504	10.0%	4
AIG	148	8.3%	3	24,170,839	10.3%	3
Allied World Assurance Co. — AWAC	54	3.0%	13	7,341,759	3.1%	13
Arch Capital	51	2.9%	14	4,913,284	2.1%	20
AXIS Financial	44	2.5%	15	7,602,108	3.2%	12
Beazley Insurance	5	0.3%	25	302,250	0.1%	25
Chubb Insurance Group	218	12.2%	2	28,427,592	12.1%	1
CNA Insurance Companies	20	1.1%	21	4,642,375	2.0%	21
Corporate Officers & Directors Assurance — CODA	8	0.4%	24	1,523,500	0.7%	23
Energy Insurance Mutual Limited	11	0.6%	23	7,012,490	3.0%	14
Great American Insurance Group	22	1.2%	20	1,801,641	0.8%	22
The Hartford	93	5.2%	7	7,995,049	3.4%	11
Houston Casualty	42	2.4%	17	5,870,080	2.5%	16
Hudson Insurance Group	120	6.7%	4	9,612,254	4.1%	7
Liberty International	118	6.6%	5	8,307,450	3.5%	9
Lloyds of London and other London underwriters	58	3.2%	12	8,200,147	3.5%	10
Navigators Insurance	72	4.0%	10	5,216,683	2.2%	17
Old Republic	106	5.9%	6	11,579,646	4.9%	6
RLI	16	0.9%	22	1,445,296	0.6%	24
RSUI Indemnity	36	2.0%	18	6,232,771	2.7%	15
Travelers	82	4.6%	8	8,676,851	3.7%	8
W.R. Berkley	61	3.4%	11	4,956,070	2.1%	19
XL Insurance Company	245	13.7%	1	24,743,358	10.6%	2
Zurich Insurance Company	35	2.0%	19	4,999,193	2.1%	18
Other	43	2.4%	16	15,302,850	6.5%	5
<b>All Insurers</b>	<b>1,786</b>	<b>100%</b>		<b>\$234,260,040</b>	<b>100%</b>	

**Figure 59. Excess Market Share by Policy Count**



**Figure 60. Excess Market Share by Premium Volume**



# Insurance Brokers

For brokers of survey participants, 2008 saw no changes in the top three spots of the D&O broker rankings.

Woodruff-Sawyer ranked number one in both policy count (with 836) and percent of policies written (32.5%). William Gallagher Associates retained its number two ranking, with a total of 768 policies and 29.9% market share, and Armfield Harrison & Thomas retained its number

three spot, with 583 policies and a 22.7% market share.

Armfield Harrison & Thomas ranked first among nonprofit survey participants. William Gallagher Associates was first among private organizations, with Woodruff-Sawyer a close second again this year. Carpenter Moore was first among public companies, and Woodruff-Sawyer was second.

**Figure 61. D&O Broker Rankings**

Ranking by Number of Retail\* Accounts as Primary Broker

Broker Name	Policy Count	Policy Percent	Count Rank
Aon	15	0.6%	7
Armfield Harrison & Thomas	583	22.7%	3
Arthur J. Gallagher	1	0.0%	13
Carpenter Moore	259	10.1%	4
Hays Group	3	0.1%	11
Holmes Murphy	1	0.0%	13
Lockton	3	0.1%	11
Marsh	21	0.8%	6
McGriff, Seibels & Williams	6	0.2%	10
Sullivan Group	51	2.0%	5
William Gallagher Assoc.	768	29.9%	2
Willis	10	0.4%	9
Woodruff-Sawyer & Co.	836	32.5%	1
Integro	1	0.0%	13
Other	14	0.5%	8

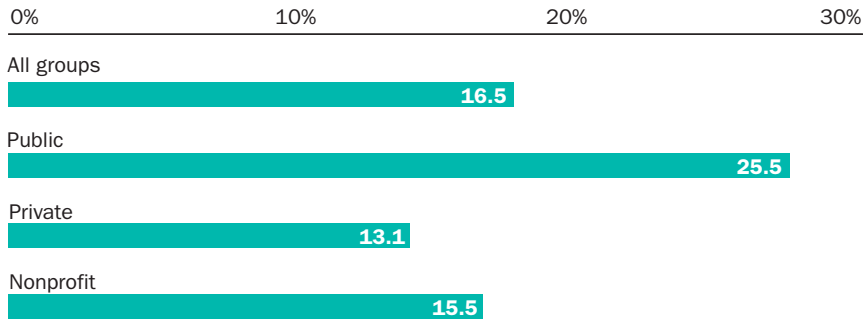
\*Wholesale brokers' activities are not measured here.

**Figure 62. Leading Brokers by Ownership**

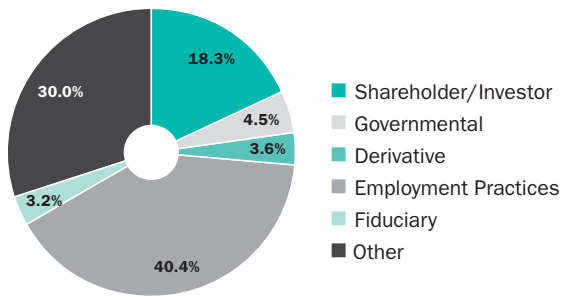
Business Class	Broker	Percent
Nonprofit	Armfield Harrison & Thomas	87%
	William Gallagher Assoc.	5%
Private	William Gallagher Assoc.	43%
	Woodruff-Sawyer & Co.	40%
	Armfield Harrison & Thomas	15%
Public	Carpenter Moore	40%
	Woodruff-Sawyer & Co.	31%
	William Gallagher Assoc.	17%

# Claims

**Figure 63. Participants That Had a Claim in the Last 10 Years by Ownership**



**Figure 64. Types of Claims Experienced in the Last 10 Years**



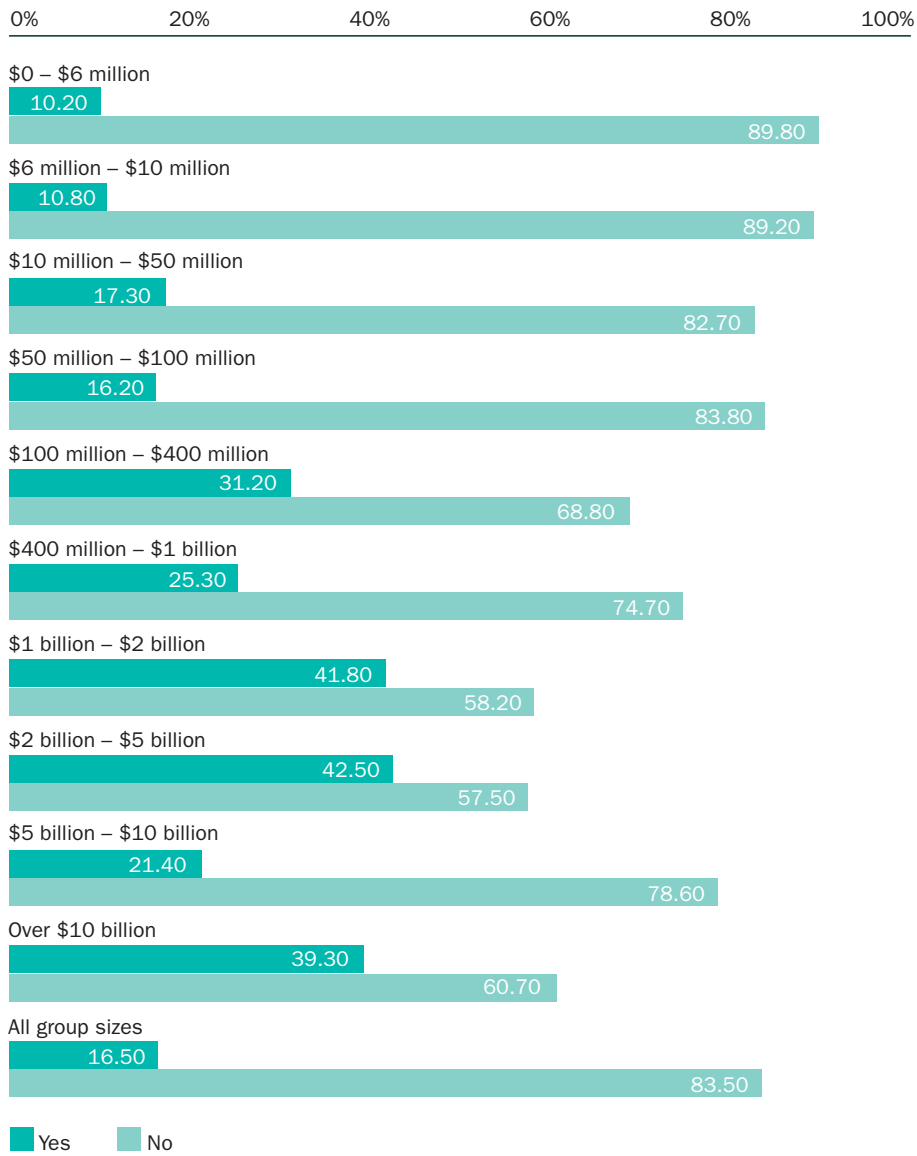
**Figure 65. Types of Claims Experienced in the Last 10 Years by Ownership**

	Shareholder/ Investor	Governmental	Derivative	Employment Practices	Fiduciary	Other
Nonprofit	0.0%	2.3%	0.0%	60.3%	2.3%	35.1%
Private	11.9%	3.6%	0.7%	44.9%	2.9%	35.9%
Public	29.2%	5.8%	7.1%	30.9%	3.6%	23.4%
<b>All Groups</b>	<b>18.3%</b>	<b>4.5%</b>	<b>3.6%</b>	<b>40.4%</b>	<b>3.2%</b>	<b>30.0%</b>

For 2008, the claim survey data request was significantly reduced to simplify the survey completion process. Survey participants were asked to provide information only on different types of D&O liability claims over the past 10 years.

In 2008, 430 of the 2,599 participants reported 1,009 different types of claims over the last 10 years. (Note that one claim situation may produce more than one type of claim.) Public companies, not surprisingly, were more likely to have had a D&O claim over the past 10 years (25.5%) than nonprofits (15.5%) and private organizations (13.1%). The largest single type of claim was employment practices — representing over 40% of all reported claims. Shareholder/investor claims accounted for 18% of all reported claims.

**Figure 66. Count of Participants That Had a Claim in the Last 10 Years by Asset Size**



# Appendix A

## Directors and Officers Liability Survey

### Insurance Market Summary

Company	Contact	Capacity (in millions)		Comments
<b>ACE</b> <b>ACE Bermuda</b>	Patrick Tannock Executive Vice President – Underwriting ACE Bermuda Insurance Ltd. 17 Woodbourne Avenue PO. Box HM 1015 Hamilton HM 08 Bermuda +441 295 5200 e-mail: patrick.tannock@ace.bm Web: www.ancelimited.com or www.acebermuda.com	2009	\$50	All classes. Follow form excess \$50 million minimum attachment.
<b>ACE International</b>	Ben Ingram, Senior Vice President D&O Nicholas Small, Senior Vice President Financial Lines D&O ACE International ACE Building 100 Leadenhall Street London EC3A 3BP +011 44 20 7173 7972 +011 44 20 7173 7973 e-mail: ben.ingram@ace-ina.com nick.small@ace-ina.com Web: www.anceltd.com	2009	\$25	ACE International writes international accounts, excluding U.S.-headquartered corporations, with a capacity of \$25 million primary or excess. ACE will consider all classes of accounts, including financial institutions. Local underwriters and local language policy forms in most international countries.
<b>ACE USA</b>	Tim O'Donnell, President ACE Professional Risk 140 Broadway New York, NY 10005 +1 646 458 7004 +1 646 458 6880 (fax) e-mail: timothy.o'donnell@acegroup.com Web: www.aceprofessionalrisk.com	2009	\$25	All classes. Retail brokers. Writes on Illinois Union paper.
<b>CODA</b> <b>(Corporate Officers &amp; Directors Assurance, Ltd.)</b>	Patrick Tannock Executive Vice President – Chief Underwriting Officer ACE Bermuda Insurance Ltd. 17 Woodbourne Avenue PO. Box HM 1015 Hamilton HM 08 Bermuda +441 295 5200 e-mail: patrick.tannock@ace.bm Web: www.ancelimited.com or www.acebermuda.com	2009	\$75	All classes. NOTE: Non-indemnifiable coverage only. Primary, excess DIC or follow form excess. Maximum capacity is \$75 million, including ACE capacity. Subsidiary of ACE Bermuda Insurance Ltd.
<b>Westchester Specialty</b>	David Lupica, President Professional Risk Westchester Specialty 500 Colonial Center Parkway, #200 Roswell, GA 30076 +1 678 795 4263 +1 678 795 4150 (fax) e-mail: david.lupica@acegroup.com Web: www.aceprofessionalrisk.com	2009 Side A	\$15 \$25	All classes. Wholesale brokers.

Company	Contact	Capacity (in millions)		Comments
<b>AEGIS</b>	Karen P Larson, Vice President AEGIS Insurance Services, Inc. 1 Meadowlands Plaza E. Rutherford, NJ 07073 + 201 508 2804 e-mail: karenlarson@aegislimited.com Web: www.aegislimited.com	2009	\$35	Utilities, energy, related energy and public power.
<b>AIU Holdings</b> <b>AIG Cat Excess Liability</b>	Jason Trueman, Senior Vice President, Managing Director Financial Lines Manager AIG Cat Excess Liability 29 Richmond Road Pembroke HM 08 Bermuda +441 298 5373 e-mail: jason.trueman@aig.com Web: www.aigcatexcessliability.com	2009 Max Available Max Preferred	\$150 \$ 50	All classes.
<b>Executive Liability, a division of AIU Holdings</b>	Robert Yellen, Chief Underwriting Officer Executive Liability, a division of AIU Holdings 175 Water Street New York, NY 10038 +1 212 458 3745 e-mail: robert.yellen@aiuholdings.com Web: www.aiuholdings.com	2009	\$50	All classes. Contacts: Public company management liability: Peter McKenna (+1 212 458 1410); Public company accounts with annual revenue of \$500MM or greater: Simon Beynon (+1 212 458 1592); Public company accounts with annual revenue up to \$500MM: Brady Head (+1 713 342 7513); Private company & nonprofit: John Gambale (+1 212 458 3198) Financial institutions: Brian Benjamin (+1 212 458 2927); International: Anthony Baldwin (+44 020 7954 8887)
<b>Cat Excess Liability, a division of AIU Holdings</b>	William Hopkins, EVP Chief Underwriting Officer Cat Excess Liability, a division of AIU Holdings 175 Water Street New York, NY 10038 +1 212 458 5887 e-mail: william.hopkins.aiuholdings.com Web: www.aiuholdings.com	2009 Max Available Max Preferred	\$150 \$ 50	All classes.
<b>Lexington Insurance Company, a division of AIU Holdings</b>	Marc Dodson Lexington Insurance Company 100 Summer Street, Suite 3100 Boston, MA 02110-2103 +1 617 235 8012 e-mail: marc.dodson@aiuholdings.com Web: www.aiuholdings.com	2009	\$10	D&O, Fidelity, Fiduciary, E&O. Broad category of financial institutions including banks, insurance companies, finance companies REITs, broker dealers, etc. We also provide a broad range of management liability coverage for professional firms — accounting, a/e, law, etc. Excess positions only for publicly held entities.
<b>Lexington</b>	Marc Dodson Lexington Insurance Company 100 Summer Street, Suite 3100 Boston, MA 02110-2103 +1 617 235 8012 +1 617 439 4733 fax e-mail: Marc.Dodson@aigholdings.com	2009	\$10	D&O, Fidelity, Fiduciary, E&O. Broad category of financial institutions including banks, insurance companies, finance companies, REITs, broker dealers, etc. We also provide a broad range of management liability coverage for professional firms — accounting, a/e, law, etc. Excess positions only for publicly held entities.

Company	Contact	Capacity (in millions)		Comments
<b>Arch Insurance</b> (Bermuda)	Tony Hay, Senior Vice President Underwriting Manager Professional Lines Arch Bermuda 11 Victoria Street, 4th Floor Victoria Hall P.O. Box HM 129 Hamilton HM 11 Bermuda +441 278 9273 +441 278 9276 (fax) e-mail: tony.hay@archinsurance.bm Web: www.archinsurance.bm	2009	\$25	All classes.
<b>Ariel Reinsurance Company Ltd.</b>	Steve Outerbridge, Senior Vice President Professional Lines Windsor Place, 18 Queen Street Hamilton, Bermuda HM11 +441 278 0744 e-mail: steve.outerbridge@arielre.com Web: www.arielre.com	2009	\$25	All classes. Primary focus is Side A DIC cover. Minimum attachment for ABC coverage is \$150 million.
<b>AWAC (Allied World Assurance Company, Ltd.)</b>	Ian Theato, Senior Vice President Bermuda & International Professional Liability Manager Allied World Assurance Company 27 Richmond Road P.O. Box HM3010 Hamilton HM MX Bermuda +441 278 5589 e-mail: ian.theato@awac.com Web: www.awac.com	2009	\$25	All classes. U.S. contact: Thomas Kennedy (thomas.kennedy@awac.com), Europe contact: Ian Theato (ian.theato@awac.com).
<b>Axis Capital</b> <b>Axis Professional Lines</b>	John A. Kuhn Chief Executive Officer Axis Professional Lines Axis Insurance 300 Connell Drive, Suite 2000 P.O. Box 357 Berkeley Heights, NJ 07922-0357 +1 908 508 4302 +1 908 508 4301 (fax) e-mail: john.kuhn@axiscapital.com Web: www.axiscapital.com	2009	\$25	D&O and other professional lines coverages for publicly traded and privately held companies of all sizes. Commercial accounts, financial institutions and not-for-profit organizations. U.S. underwriting companies include AXIS Insurance Company, AXIS Reinsurance Company, AXIS Surplus Insurance Company and AXIS Specialty Insurance Company. In the U.S., contact fred.cooper@axiscapital.com for AXIS Financial Insurance Solutions and timothy.braun@axiscapital.com for AXIS Financial Institutions. International professional lines contacts are hillary.williams@axiscapital.com in Bermuda and dax.gulmohamed@axiscapital.com in London.

<b>Company</b>	<b>Contact</b>	<b>Capacity (in millions)</b>	<b>Comments</b>	
<b>Professional Risk Facilities, Inc.</b>	Stephen Cavallaro, Underwriting Manager Professional Risk Facilities, Inc. 1122 Franklin Avenue, 2nd Floor P.O. Box 9240 Garden City, NY 11530 +1 516 408 5736 +1 516 747 6074 (fax) e-mail: scavallaro@professionalrisk.com Web: www.professionalrisk.net	2009	\$5	All classes except financial institutions and public companies. Underwriting manager/program administrator for AXIS Insurance. Utilizes AXIS Privatus® policy (D&O, EPL, fiduciary liability and outside executive liability insurance), which is admitted in 40 states and written on AXIS Reinsurance Company paper. Non-admitted paper (AXIS Surplus Insurance Company and AXIS Specialty Insurance Company) used in the remaining states. Coverage is also available for not-for-profit organizations.
<b>Bancinsure</b>	Bruce Livingston Vice President – Chief Underwriting Officer Bancinsure 5005 N. Lincoln Blvd. Oklahoma City, OK 73105 +1 800 682 1630 or +1 405 290 5611 e-mail: blivingston@bancinsure.com Web: www.bancinsure.com	2009	\$10	Offers primary financial institution D&O coverage in all states except FL, NH and NY. Entity coverage for employment practices, trust department E&O, bankers E&O and professional liability, lenders liability and mutual funds & annuity sales. Bankers E&O extends policy to cover the actual financial institutions and employees.
<b>Beazley Group plc</b>	Jim Seymour Specialty Lines Beazley Group 35 East Wacker Drive, Suite 3900 Chicago, IL 60601 312-506-1304 office +1 224 430 2993 mobile +1 312 781 0139 fax e-mail: jim.seymour@beazley.com Web: www.beazley.com	2009	\$20	Primary or excess for commercial risks. Issuing company: Beazley Insurance Company, Inc.
<b>Catlin Inc.</b>	John Van Decker Senior Vice President Catlin Inc. 140 Broadway New York, NY 10005 +1 212 801 3410 e-mail: john.vandecker@catlin.com	2009	\$10	All classes – both primary and excess. Use both Catlin Insurance Company (U.K.) Limited and Underwriters at Lloyds of London (syndicate #2003) paper.
<b>Chubb</b>	Robert C. Cox Chief Operating Officer Chubb Specialty Insurance 3 Mountain View Road Warren, NJ 07059 +1 908 903 2203 e-mail: rcox@chubb.com Web: www.chubb.com	2009	\$25	All classes. Chief underwriting officer is Jim Bronner, jbronner@chubb.com; Specialty products manager is Evan Rosenberg, erosenberg@chubb.com; contact for D&O is Tony Galban, galbant@chubb.com; contact for health care institutions is Beth Strapp, strappb@chubb.com; contact for financial institutions is Rich Edsall, redsall@chubb.com; contact for private and not-for-profit companies is Michael Maloney, mmaloney@chubb.com.

<b>Company</b>	<b>Contact</b>	<b>Capacity (in millions)</b>	<b>Comments</b>	
<b>Cincinnati Insurance Co.</b>	Scott Unger, Manager Cincinnati Insurance Co. PO. Box 145496 Cincinnati, OH 45250-5496 +1 513 870 2407 e-mail: scott_unger@cinfin.com Web: www.cinfin.com	2009	\$10	D&O, Fiduciary and EPLI (blue chip policy). All classes, except law firms and stockbrokers. Note: Only available through its agency force.
<b>CNA CNA Pro</b>	Daniel Fortin Senior Vice President CNA Pro 333 S. Wabash, 27th Floor Chicago, IL 60604 +1 312 822 5177 e-mail: daniel.fortin@cna.com Web: www.cnapro.com	2009 Side A	\$15 \$25	All classes. Contact is Dan Auslander for all not-for-profit, middle market and private businesses. Contact for financial institutions is Thomas Kocaj. Contact for public commercial firms is Thor Beveridge.
<b>CNA – Nonprofit Nonprofit Community Homeowner Associations</b>	Adam S. Collins, CIC Assistant Vice President Ian H. Graham Insurance 707 Wilshire Blvd, 26th Floor Los Angeles, CA 90017 +1 213 630 2918 +1 312 381 0593 (fax) e-mail: adam_collins@ianhgrahaminc.com Web: www.ihginsurance.com	2009	\$5	MGA for CNA. D&O for nonprofit community homeowner associations, condo associations, commercial associations, timeshares, co-ops, property owners associations and planned urban developments.
<b>CNA – Nonprofit Homes and Services for Aging</b>	Maria B. Moreno Senior Vice President Aon Association Services 1120 20th Street, N.W., 6th Floor Washington, DC 20036-3406 +1 202 429 8553 +1 847 -953 0925 (fax) e-mail: maria_moreno@aon.com Web: www.aahsa-insurance.com	2009	\$5	MGA for CNA. D&O for nonprofit homes and services for the aging including: retirement communities, skilled nursing facilities, assisted living, personal care, independent living/senior housing, adult day care and other services for the elderly.
<b>CNA – Nonprofits</b>	Dean Townsend Vice President Victor O. Schinnerer 2 Wisconsin Circle Chevy Chase, MD 20815 +1 301 961 9835 +1 301 951 5444 (fax) e-mail: dean.c.townsend@schinnerer.com Web: www.schinnerer.com	2009	\$5	MGA for CNA. D&O for nonprofit organizations only. Contact Dan Auslander for private company business.  +1 609 395 2505 +1 609 964 8732 (fax) daniel.auslander@cna.com

<b>Company</b>	<b>Contact</b>	<b>Capacity (in millions)</b>		<b>Comments</b>
<b>Crum &amp; Forster</b>	Lawrence W. Ray Vice President – Business Development Crum & Forster Management Protection/Crime & Fidelity Divisions +1 973 490 6641 direct +1 973 986 4478 cell +1 973 490 6965 fax e-mail: larry_ray@cfins.com Web: www.cfins.com	2009	\$10	Primary or excess: D&O/EPL/ fiduciary – public, private or nonprofit, for virtually all classes other than banks. Standard and/ or difficult-to-place risks. Crime, miscellaneous professional and technology E&O are also available.
<b>Endurance Endurance Specialty Insurance Ltd.</b>	Robert Needle Executive Vice President, Professional Lines, Excess Casualty Endurance Specialty Wellesley House, 90 Pitts Bay Road Pembroke HM 08 Bermuda +441 278 0464 +441 296 1474 (facsimile) e-mail: rneedle@endurance.bm Web: www.endurance.bm	2009	\$25	D&O, E&O, EPLI, fiduciary, crime (blended only) on stand-alone, blended or integrated basis. General attachment of \$25M for excess. All classes except managed care E&O, insurance brokers E&O and accountants E&O.
<b>Endurance U.S. Insurance</b>	Joseph C. O'Donnell Executive Vice President 767 Third Avenue, 33rd Floor New York, New York 100017 +1 212 209 6521 e-mail: jodonnell@enhinsurance.com Web: www.endurance.bm	2009 Side A	\$15 \$25	All commercial industry segments for D&O, EPL, fiduciary and crime coverage. Admitted paper in most states.
<b>Energy Insurance Mutual</b>	Jill Dominguez, ARM Vice President – Underwriting Energy Insurance Mutual 3000 Bayport Drive, #550 Tampa, FL 33607-8412 +1 800 446-2270 or 813 287 2117 e-mail: jdominguez@eimltd.com Web: www.eimltd.com	2009	\$50	Industry mutual for utilities and energy services industries. Note: Minimum attachment point is \$35 million.
<b>Fireman's Fund</b>	Charlotte-Ann Zack, CPCU Assistant Vice President Commercial Risk Management Fireman's Fund Insurance Company 777 San Marin Drive Novato, CA 94998-2000 +1 415 899 4622 +1 860 513 3729 fax e-mail: czack@ffic.com Web: www.ffic.com	2009	\$10	Private companies only.

<b>Company</b>	<b>Contact</b>	<b>Capacity (in millions)</b>	<b>Comments</b>	
<b>Great American</b>	Jonathan G. Starck Vice President Marketing Executive Liability Division Great American 1515 Woodfield Road, Suite 500 Schaumburg, IL 60173 +1 847 330 6769 e-mail: jstarck@gaic.com Web: www.GreatAmericanELD.com	2009	\$25	All classes.
<b>The Hartford Hartford Financial Products</b>	John Rafferty, Vice President Hartford Financial Products Two Park Avenue New York, NY 10016 +1 212 277 0946 e-mail: john.rafferty@thehartford.com Web: www.hfpinsurance.com	2009	\$25	All classes. Contact Michael Karmilowicz (+1 212 277 0717) for large commercial and financial services risks; Michael Price (+1 212 277 0718) for private equity, GPL, middle and emerging markets risks; and Catherine Kelly (+1 212 277 0466) for E&O (misc., lawyers, technology) and EPL lines.
<b>The Hartford – Nonprofits</b>	Jason Tharpe, Assistant Vice President Aon Association Services 1120 20th Street, N.W. Washington, DC 20036-3406 +1 202 429 8561 +1 847 953 2651 (fax) e-mail: jason_tharpe@aon.com Web: www.npo-ins.com	2009	\$5	MGA for Hartford. D&O for nonprofits including: chambers of commerce, foundations, museums and historical societies, miscellaneous nonprofits, social service agencies and trade & professional associations.
<b>HCC Insurance Holdings HCC Global Financial Products</b>	Andrew G. Stone, President HCC Global Financial Products 8 Forest Park Drive Farmington, CT 06032 +1 860 674 1900 e-mail: astone@hcc-global.com Web: www.hcc-global.com	2009	\$25	All classes. Uses U.S. Specialty Insurance and Houston Casualty Insurance paper. International business contact is R. Matthew Fairfield, CEO, Spain (+34 93 530 7300).
<b>Professional Indemnity Agency, Inc.</b>	Brian Hickey Senior Vice President Professional Indemnity Agency 37 Radio Circle Drive, P.O. Box 5000 Mt. Kisco, NY 10549-5000 +1 914 242 57808 e-mail: bhickey@piaint.com Web: www.piaint.com	2009	\$10	Capacity available through Houston Casualty Group of companies (admitted in some states) for D&O management liability products for private equity/venture capital firms; investment advisors/hedge funds, diversified business organizations, general partnerships, real estate investment trusts.

Company	Contact	Capacity (in millions)		Comments
<b>Hiscox Inc.</b>	Robert Gadaleta Senior Vice President – Management Liability Hiscox USA 521 Fifth Avenue New York, NY 10175 +1 646 452 2380 +1 646 775 7782 (mobile) e-mail: robert.gadaleta@hiscox.com Web: www.hiscoxusa.com	2009	\$15	Primary and excess not-for-profit and private company management liability products including D&O, EPLI, fiduciary and employed lawyers as well as public officials liability. Coverage offered to most classes of business regardless of size. Licensed or admitted in all states. Admitted primary and excess policies written through Hiscox Insurance Company or State National Insurance Company. Surplus lines primary and excess written on Lloyd's paper.
<b>Hudson Insurance Group (Odyssey Re)</b>	Jim Hooghuis, CEO & Chairman Hudson Financial Products 176 Mineola Blvd., 2nd Floor Mineola, NY 11501 +1 212 978 2807 e-mail: jhooghuis@hudsoninsgroup.com Web: www.hudsoninsgroup.com	2009 Side A	\$15 \$15	Primary and excess for most classes including commercial and financial service risks, REITs and IPOs. D&O written on Hudson Insurance Company, Hudson Specialty Insurance Company and certain underwriters at Lloyd's. E&O also underwritten with underwriters at Lloyd's.
<b>ICI Mutual Insurance Co.</b>	John T. Mulligan Vice President – Underwriting Department Manager ICI Mutual Insurance Group 1401 "H" Street NW Washington, DC 20005 +1 800 643 4246 +1 202 326 5376 (direct) +1 202 682 2425 e-mail: mulligan@icimutual.com	2009	\$200	Group captive formed by mutual funds and investment advisors. Sponsored by the Investment Company Institute.
<b>IronPro</b>	Greg Flood, President IronPro One State Street, 7th Floor New York, NY 10004 +1 646 826 6710 +1 646 884 1729 (fax) e-mail: greg.flood@ironshore.com Web: www.ironshore.com	2009 Side A	\$15 \$25	D&O all classes and ancillary PTL/EPLI/Fidelity/E&O.
<b>Kansas Bankers Surety Company</b>	Don M. Towle, President Kansas Bankers Surety Company P.O. Box 1654 Topeka, KS 66601 +1 785 228 0000 +1 785 228 0079 (fax)	2009	\$20	Small and medium commercial banks in 28 states.
<b>Liberty Mutual Group/Liberty International Underwriters</b>	Carl Pursiano Senior Vice President Liberty International Underwriters 55 Water Street, 18th Floor New York, NY 10041 +1 212 208 4204 +1 212 208 2866 (fax) e-mail: carl.pursiano@libertyiu.com Web: www.libertyiu.com	2009	\$25	Primary and excess management liability products for firms of all sizes, including public D&O, private D&O and not-for-profit D&O; financial institutions D&O/E&O; international D&O; real estate investment trusts (REITs); private equity/venture capital; employment practices liability; pension trust/fiduciary liability; fidelity coverage.

Company	Contact	Capacity (in millions)		Comments
Lloyd's				Primarily writing nonprofit D&O currently.
<b>Max Bermuda Ltd.</b>	James C. Gray, EVP & CUO Max Bermuda Ltd. Max House 2 Front Street Hamilton HM 11 Bermuda +441 296 8800 +441 296 8811 (fax) e-mail: jim.gray@maxbermuda.com Web: www.maxbermuda.com	2009 Side A	\$15 \$25	Excess AB, ABC, Side A and Side A DIC. No excluded classes.
<b>National Indemnity</b> (Berkshire Hathaway)	Ajit Jain, President, Specialty Risk Division Berkshire Hathaway 100 First Stamford Place Stamford, CT 06092 +1 203 363 5205 +1 203 363 5221 (fax) e-mail: ajain@berkre.com	2009	\$100	All classes. Specializes in large, difficult to place accounts. Note: Generally, minimum premium is \$1 million. Capacity up to \$100 million or more available through negotiations on an individual basis.
<b>Navigators Insurance Company</b> <b>Navigators Speciality Insurance Company</b> <b>Navigators Syndicate 1221 at Lloyd's of London</b>	Christopher Duca, President Navigators Pro One Penn Plaza, 32nd Floor New York, NY 10119 +1 212 613 4305 +1 212 613 4302 (fax) e-mail: cduca@navg.com Web: www.navg.com	2009	\$25	All classes. D&O and EPL for publicly traded and privately held firms worldwide. D&O contact is Scott Misson at smisson@navg.com or (+1 212 613 4214). International D&O contact is Carl Bach, III at cbach@navg.com or +44 207 220 6976.
<b>Old Republic</b>	Martin Perry, President Chicago Underwriting Group 191 North Wacker Drive, Suite 1000 Chicago, IL 60606-1905 +1 312 750 8800 e-mail: mperry@cug.com Web: www.cug.com	2009 Side A	\$15 \$25	All classes. We are interested in technology and life science accounts on a primary and excess, and commercial and insurance company accounts on an excess basis.
<b>OneBeacon Insurance Company</b>	John Riordan, Vice President One Beacon Insurance Company 30 Tower Lane Avon, CT 06070 +1 860 773 6185 +1 860 773 6097 (fax) e-mail: jriordan@onebeacon.com	2009	\$20	Focus for D&O is essentially health care only.
<b>Philadelphia Insurance Companies</b>	John W. Glomb, Jr. Senior Vice President One Bala Plaza, Suite 100 Bala Cynwyd, PA 19004 +1 610 538 2602 +1 610 227 0027 (Fax) e-mail: jglomb@phlyins.com	2009	\$15	Coverage available for nonprofit organizations and private commercial companies. Write both primary and excess.

<b>Company</b>	<b>Contact</b>	<b>Capacity (in millions)</b>		<b>Comments</b>
<b>Progressive Casualty Insurance Company</b>	Gina Juhnke, Products Manager Progressive Casualty 5920 Landerbrook Drive, Box L21 Mayfield Heights, OH 44124 +1 800 274 5222 e-mail: gina_juhnke@progressive.com	2009	\$15	Writes commercial banks and thrifts.
<b>RLI Insurance Company</b>	A.Q. Orza, II Vice President, Executive Products RLI Insurance Company 47 Maple Street, Third Floor Atrium Summit, NJ 07901 +1 908 598 8373 +1 908 598 8377 (fax) e-mail: aq_orza@rlicorp.com Web: www.rlicorp.com	2009	\$25	All classes.
<b>RSUI Group</b>	Greg Buonocore, Senior Vice President RSUI Group 945 East Paces Ferry Rd., Suite 1890 Atlanta, GA 30326 +1 404 760 4969 e-mail: gbuonocore@rsui.com Web: www.rsui.com	2009	\$20	All classes. Company is admitted in 47 states and uses RSUI Indemnity (admitted) paper and Landmark American (non-admitted) paper. Contact person for nonprofit is Michelle Eason. Subsidiary of Allegheny Corp.
<b>Sargasso Mutual Insurance Companies</b>	Wanette M. Vann, Underwriter Sargasso Mutual Insurance Company, Ltd. Victoria Hall, 11 Victoria Street Hamilton HM 11 Bermuda +441 298 6620 e-mail: wanette.m.vann@marsh.com	2009 Primary Excess Side A Only	\$15 \$20 \$20	\$15M primary and excess. Up to \$20 million in excess coverage available with a minimum attachment of \$15 million. Follow form excess Side A only available with limits up to \$20M. Coverage is available to eligible U.S. or Canadian domiciled life insurance companies. Note: Managed by Marsh Management Services (Bermuda) Ltd.
<b>Scottsdale (Nationwide) Freedom Specialty</b>	Craig Landi Senior Vice President Freedom Specialty 7 World Trade Center New York, NY 10007 +1 212 329 6901 e-mail: craig.landi@freedomsspecialtyins.com Web: freedomsspecialtyins.com	2009	\$15	All classes of D&O and related lines of business.
<b>Scottsdale Insurance Company</b>	Bernice Holloway, Vice President Negley & Associates 388 Pompton Avenue Cedar Grove, NJ 07009 +1 973 239 9107 +1 973 239 6241 (fax) e-mail: bholloway@jjnegley.com Web: www.jjnegley.com	2009	\$5	MGA for Scottsdale for nonprofit social service agencies and mental health facilities.

Company	Contact	Capacity (in millions)	Comments	
<b>Travelers</b>	Cary Meiners D&O Product Manager Bond & Financial Products Travelers 385 Washington St., Code 9275-NB03A St. Paul, MN 55102 +1 651 310 8938 e-mail: cmeiners@travelers.com Web: www.stpaultravelers.com/agents/	2009	\$25	Considers all classes, primary and excess. Public company liability contact is Mark Lamendola (+1 412 338 3057); contact for private and nonprofit business is Peter Herron (+1 860 277 1961); contact for financial institutions is Walter Grote (+1 860 277 2208). Issuing paper includes: Travelers Casualty and Surety Company of America, Travelers Excess and Surplus Lines Company, St. Paul Mercury and St. Paul Surplus Lines.
<b>Tudor Insurance Co.</b>	Margaret Sfraga, Underwriting Specialist Operations Supervisor Tudor Insurance Company 400 Parson's Pond Drive Franklin Lakes, NJ 07417 +1 201 847 8600 e-mail: m.sfraga@westernworld.com Web: www.westernworld.com	2009	\$5	Mostly nonprofit organizations, but also write for-profit organizations. Tudor Insurance Company used in most states. Western World and Stratford Insurance used in six states.
<b>United Educators Ins. A Reciprocal Risk Retention Group</b>	Bryan Elie, Vice President United Educators Insurance RRG Two Wisconsin Circle, 4th Floor Chevy Chase, MD 20815-9913 +1 301 907 4908 ext. 426 e-mail: belie@ue.org Web: www.ue.org	2009	\$25	Risk Retention Group for universities, colleges, nonpublic elementary and secondary schools. Write educators legal liability. In addition, write public K-12 but only for limits up to \$5 million.
<b>W.R. Berkley</b>	Sandra Nelson Executive Vice President Monitor Liability Managers, LLC 2850 W. Golf Road, Suite 800 Rolling Meadows, IL 60008-4039 +1 847 806 6590 ext. 509 e-mail: snelson@monitorliability.com Web: www.monitorliability.com	2009	\$10 Excess Side A \$10	All classes except financial institutions, insurance companies and securities brokers/dealers. Primary, excess and Side A with DIC. Public and private companies and nonprofit organizations. Includes EPLI. Public D&O contact is Joe Haltman (+1 847 806 6590, ext. 532); private company and nonprofit contact is Tom Mathias (+1 847 806 6590, ext. 510). Issuing paper includes: Admiral Insurance Company, Berkley Insurance Company, and Carolina Casualty Insurance Company.

<b>Company</b>	<b>Contact</b>	<b>Capacity (in millions)</b>	<b>Comments</b>	
<b>XL Insurance XL Insurance (Bermuda) Ltd.</b>	James A. Loder, Senior Vice President and CUO Bermuda Professional XL Insurance (Bermuda) Ltd. XL House One Bermuda Road, PO Box HM 2245 Hamilton HM JX Bermuda +441 294 7378 e-mail: james.loder@xlgroup.com Web: www.xlcapital.com	2009	\$50	All classes. A side can be written on a primary, excess or excess/DIC basis. Minimum attachment point on Side B and C is \$25M. Maximum capacity for B&C coverage is \$25M. No B&C coverage is available for financial institutions or pharmaceutical companies.
<b>XL Professional USA</b>	John T. Burrows, Senior Vice President XL Professional One Hundred Constitution Plaza Hartford, CT 06103 +1 860 948 1809 e-mail: john.burrows@xlgroup.com Web: www.xlprofessional.com	2009	\$50	Full coverage ABC and up to \$50 million "A" side DIC. All classes of business on primary and excess basis.
<b>Zurich Financial Enterprises</b>	Pamela Jozwiak, Vice President Zurich Financial Enterprises 3910 Keswick Road Baltimore, MD 21211 +1 800 821 4635 e-mail: pamela.jozwiak@zurichna.com Web: www.zurichna.com/fe	2009	\$25	Writes D&O/E&O for insurance companies, credit unions, regional and community banks and savings institutions. Writes primary coverage and will consider excess coverage. Write on Fidelity and Deposit Company of Maryland and Colonial American Casualty & Surety Company paper.
<b>Zurich Global Corporate UK</b>	Douglas Robare D&O Manager Zurich Global Corporate U.K. Suite No. 3, 3rd Floor London Underwriting Centre Three Minister Court, Mincing Lane London EC3R 7DD +011 44 207 648 3113 e-mail: douglas.robare@zurich.com Web: www.zurichlondon.com	2009	\$50	All classes. Does not write U.S.-domiciled organizations. Issuing paper is Zurich Insurance, Plc.
<b>Zurich Specialties</b>	Fred Murnane, Senior Vice President Management Solutions Group Zurich One Liberty Plaza – 30th Floor New York, NY 10006 +1 212 553 5779 e-mail: fred.murnane@zurichna.com Web: www.zurichna.com	2009	\$25	Primary and excess D&O for midsize and large organizations in most industries. Zurich offers corporate D&O featuring retired independent directors Side A coverage, environmental mismanagement claims extension, enhanced Side A coverage, and enhanced definitions. Also available are solutions for international premium tax and local policy placement issues.

# Appendix B

## D&O Liability and Insurance Program Reviews,

## Insurance Placement and Reinsurance Intermediary Services

Towers Watson provides D&O liability and insurance program reviews for organizations seeking an independent review of risks and coverage. Towers Watson also places D&O and other insurance coverages with insurers on behalf of our consulting clients. In addition, Towers Watson assists insurance company clients with all aspects of D&O and related lines.

### **D&O Liability and Insurance Program Review:**

A D&O insurance program review provides an independent assessment of the reasonableness and quality of the D&O program as it relates to the organization and its risk profile.

Towers Watson works with clients to:

- Explore the company's objectives with respect to its D&O insurance program. For example, is the company trying to minimize costs? Does it need to cover its own liability or payments made to directors and officers? Should it increase the scope of its coverage to ensure that directors and officers are comfortable with their level of protection?
- Check corporate indemnification provisions to see if there are opportunities to improve the breadth of coverage to directors and officers.
- Ensure a thorough understanding of current issues in the litigation environment and the current insurance marketplace, including current trends in D&O claims and insurance purchasing practices.
- Identify the best structure for the program based on the company's unique risk profile, goals for the coverage and appetite for risk.
- Review existing programs for consistency with the company's purchasing philosophy, program cost and current market conditions regarding capacity, pricing and coverage restrictions.

Contact Nancy Serio at: [nancy.serio@towerswatson.com](mailto:nancy.serio@towerswatson.com) or +1 860 843 7149 for more information on our D&O liability and insurance program reviews.

**Insurance Placement:** Towers Watson provides retail brokerage services as part of its risk management and insurance consulting to clients. Towers Watson provides a sophisticated alternative to traditional insurance intermediaries that combines seasoned insurance brokerage expertise with the strong analytical and consulting expertise of Towers Watson. Clients can get the benefits of the D&O liability and insurance program review described above, with the additional benefit of having Towers Watson also place the insurance program in the insurance market.

Contact Michael Turk at: [michael.f.turk@towerswatson.com](mailto:michael.f.turk@towerswatson.com) or +1 203 351 5193 for more information on our D&O insurance placement capabilities and program reviews.

### **Reinsurance Intermediary Services:**

Towers Watson assists insurance company clients with all aspects of D&O and related lines. Our combined brokerage and insurance consulting expertise provides D&O writers with a broad menu of services, including:

- primary and excess rate making
- increased limit factors (ILFs) benchmarking
- insurance policy comparisons
- reinsurance contract wording analysis and review
- stochastic modeling of alternative reinsurance programs to compare the expected costs and impact on the volatility of retained risk
- monitoring major claims affecting this line of business on a global basis.

Towers Watson staff is dedicated and experienced in negotiating and servicing the specialty product lines associated with D&O liability for U.S. and international exposures. Contact Roland Stollsteimer at: [roland.stollsteimer@towerswatson.com](mailto:roland.stollsteimer@towerswatson.com) or +1 212 309 3965 for more information on our D&O reinsurance intermediary services.

## About Towers Watson

Towers Watson is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. With 14,000 associates around the world, we offer solutions in the areas of employee benefits, talent management, rewards, and risk and capital management.

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