

CHOOSING A D&O CARRIER

ISSUE

Choosing the best carriers for your D&O insurance is a unique event in the management of an insurance portfolio. Nowhere else does one buy insurance in anticipation of a highly charged, complex and, above all, personal dispute between the management of a company and the people who own or regulate it. The carriers you select must not only be those who will deliver a competitive premium and contract, but also institutions that you trust to provide equitable claim solutions and that possess the financial viability to see you through long and complex litigation.

IMPACT

For many companies, D&O is the most sensitive and visible insurance, given the involvement of executive management, the board of directors and often outside counsel. Depending on the firm's communication and corporate governance philosophy, the process may involve regular internal communications on progress and, in some cases, a board presentation.

In this process, the choice of insurer is paramount. A choice that has often been based simply on ratings assigned by the various agencies is becoming more complex. The entire process has been further intensified by threats to the financial survival of a number of leading insurers in this field over the past 18 months.

ACTION

Identify the key drivers in your decision-making process at each D&O renewal.

- Work with your brokers to set specific objectives in premium and breadth of coverage
- Understand the financial ratings of all carriers under consideration as well as their record of writing public D&O for companies in your industry sector and their reliance on reinsurance
- Speak to your broker about carriers' claim-handling philosophy and process
 - Do they handle claims internally or outsource to a third party?
 - Will they let you use defense counsel of your choice?
 - Has your broker had a positive experience in working with them on complex litigation matters?
- Meet with your primary carrier's decision makers
- Challenge your carriers and your brokers in such service areas as policy issuance

CONTACTS

For additional information, please visit the Executive Risks website by clicking [here](#) or contact:

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