

# News Release

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## Willis Survey: Increased Stand-Alone A-Side D&O Purchasing

**New York, NY, September 22, 2004** – A recent survey of Directors & Officers (D&O) insurance buying trends at Fortune 1000 companies shows an increased emphasis on liability insurance designed specifically to protect executives' personal assets. The survey, conducted by Willis, the London-based global insurance broker, points to increased use of so-called stand-alone A-Side coverage, which protects the directors and officers of a company where the company cannot indemnify them.

For companies surveyed, the total average amount of stand-alone A-Side coverage purchased was \$57 million, with the median at \$52 million. The highest concentration was found in the larger firms with approximately 55 to 60 percent of Fortune 100 firms and 35 to 40 percent of Fortune 500 purchasing some form of dedicated A-Side coverage.

Companies that purchased only A-Side coverage fell typically into two categories. The first included those with no claims histories and solid balance sheets that chose to structure their D&O coverage to address situations where they would not legally be able to indemnify their executives. The second included those with robust balance sheets but a problem: they either had an adverse D&O claim history or were part of an industry sector experiencing severe D&O claim activity. These companies found markets unwilling to offer them broader coverage, at least not at motivating rates. For both categories, the minimum purchase was \$50 million and the maximum was \$200 million.

Most A-Side coverage was purchased on an excess basis, over a broader base of D&O coverage that typically covered both the individuals and the company. These combination programs had their A-Side coverage attaching as low as \$10 million and as high as \$250 million. Total A-Side purchases in these programs ranged from \$5 million in coverage to \$200 million. Approximately 87 percent of those who purchased A-Side coverage did so in combination programs.

The Willis survey is the first of a semi-annual series reporting on D&O insurance purchasing trends.

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Editor' Note: For more analysis and results, see the attached report.

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