

Differentiators



Financial Snap-Shot

- Approximately 8,500 policyholders, many of whom are long-standing insureds.
- \$50 million in capacity net of external reinsurance—among the highest available in the industry.
- Objective sources—from rating agencies to broker assessments—offer testimony to the industry-leading financial strength of Chartis.

Experience & Market Dedication

- Voted #1 umbrella liability carrier by the 2009 P&C National Underwriter Risk Manager Choice Awards (Flaspöhler Research Group Survey) and #1 in umbrella/excess policy counts and policy premiums (2010 RIMS Benchmark Survey).
- Half a century of experience and commitment to the excess casualty market.
- Nearly 200 dedicated underwriting professionals with an average tenure of 8 years and decades of combined industry experience.
- In-house claims operation with approximately 200 claims professionals, over half of whom are attorneys, focused solely on high severity specialty claims.
- Dedicated underwriting and claims units focused on key industry segments, including *Real Estate & Financial Institutions* and *Construction*.
- Offer admitted and non-admitted forms.

Value-Added Services

- **CrisisResponse®**: built-in crisis management enhancement provides policyholders with professional support, including a 24-hour hotline with access to claims specialists, and immediate funds in the event of a serious casualty crisis. Up to \$250,000 of additional policy limits available to cover immediate expenses and an additional \$50,000 limit to retain the services of a public relations or crisis management firm. Optional coverage enhancement that amends the definition of CrisisResponse costs to include expenses incurred by the recall, inspection or disposal of a product that results in a crisis event.
- **Claims Archive**: online database including over 2,500 real-life excess casualty claims scenarios. Searchable by cause of loss or industry, these scenarios help brokers and insureds gauge potential liability exposures.
- **Policy Issuance**: we hold a standard of 15 days for accurate policy issuance. With “Contract Certainty,” endorsements are included with the quote from inception, for faster quote-to-bind turnaround.
- **eDelivery®**: a web-based system that enables the electronic delivery of policies and midterm endorsements in PDF format.
- **e-Excess**: a leading web-based platform designed to reserve, quote, bind and issue middle market accounts 24/7, minimizing underwriter involvement.
- **RiskTool System**: a comprehensive loss prevention and risk management solution that allows users to identify, analyze and manage their operational exposures. Designed exclusively for Chartis, this web-based system provides a customizable platform to build risk management programs, standardize loss control practices across an organization and access extensive training resources and global risk information.

Claims

- The top 25 claims paid by Excess Casualty in 2010 exceeded \$575 million.
- Closed claims exceeding \$10 million in value have increased nearly twelve fold since 1995.
- **Severity is out-pacing inflation.** Companies need to be worried about being under-insured. A \$100 million program in 2002 now needs to be a \$120 million program to have the same value in 2011 dollars.
- **Claims are “long tail”.** In 2010, the average time from incident to settlement of the 25 largest paid claims by Excess Casualty was 9 years; including two related to occurrences in 1974.

“Judicial Hell Holes”

Tort reform remains difficult, and in some areas of the country, the scales of justice are radically out of balance, with a number of U.S. counties and even entire states dubbed “judicial hellholes” by the American Tort Reform Foundation.¹ Some verdicts in 2010 include:

- The largest punitive damage award in Nevada history, \$500 million, awarded to one man against a drug manufacturer and distributor on drug maker error for failure to provide stronger warnings against reusing syringes on multiple patients.
- A whopping \$30.4 million to a worker who claimed lung damage from exposure to butter popcorn flavoring.
- A \$50,000 award to a plaintiff who claimed she was burned from hot chocolate that was “too hot”.

In Perspective

- The U.S. tort system cost \$248.1 billion in 2009, which translates to \$808 per person. Towers Watson estimates a 9% increase in 2010, due largely to the Deepwater Horizon oil spill.²
- The Jackpot Justice study, which intends to measure both the direct and indirect costs of U.S. tort liability, puts the total cost at \$865.37 billion, amounting to an annual “tort tax” of \$9,827 for a family of four.³

Emerging Litigation Risk

- **Chinese Drywall.** Lawsuits spanning the nation against builders and contractors allege that the drywall imported from China from 2004-2007 emits sulfur containing gases that corrode wiring, pipes and fixtures, and allegedly causes respiratory and other health problems.⁴ This significant issue poses both short-term and long-term effects, such as construction defect and potential bodily injury.
- **Wildfire Litigation.** Continued wildfires in California have sparked hundreds of lawsuits from homeowners and created exposures for utility companies, cable operators, and other businesses.
- **Diacetyl (Popcorn Litigation).** Diacetyl is used in the flavoring industry to enhance and mimic food flavorings, such as butter and baked goods. In recent years a disease known as bronchiolitis obliterans is alleged by some to be caused by exposure to, or more particularly inhalation of, diacetyl in both synthetic and natural forms. Manufacturers, resellers and distributors of diacetyl now find themselves the target of litigation alleging failure to warn consumers of its potential effects. It is also alleged to be an occupational exposure for factory workers.⁵
- **Formaldehyde/FEMA Trailers.** A toxic chemical used to make products such as insulation in travel trailers and mobile homes, Formaldehyde is classified as a carcinogen and known to cause respiratory infections and other health problems. High exposure levels of formaldehyde used as emergency housing in the Gulf Coast Region (FEMA trailers) following hurricanes Katrina and Rita have led to increased products liability litigation.
- **Bisphenol A (BPA).** A chemical produced in the production of polycarbonate plastics and epoxy resins used in certain food and drink packaging as well as medical devices. Lawsuits alleging violations of consumer fraud laws, and failure by baby bottle makers to disclose possible health risks posed to infants continue to surface.

¹ “Judicial Hell Holes 2010/2011,” American Tort Reform Foundation

² “2010 Update on U.S. Tort Cost Trends,” Towers Watson

³ “Jackpot Justice: The True Cost of America’s Tort System,” Pacific Research Institute

⁴ “Drywall disputes trigger lawsuits”, May 10, 2009; “Drywall lawsuits to be consolidated”, June 16, 2009, Business Insurance

⁵ “Breathtaking Litigation: Diacetyl’s Choke on Flavor,” Gordon & Reese LLP

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