



Quarterly D&O Claim Trends: Year-End Wrap-Up

About Advisen:

Advisen Ltd. is a privately-owned, independent and unbiased provider of news, data and risk analytics to the commercial insurance industry.

Advisen's mission is to deliver productivity and insight to insurance professionals. Advisen brings greater success through technology and data, revolutionizing the way the commercial insurance industry functions. Our customers leverage the Advisen platform, adding power to their proprietary ability and bringing value to their clients.

Please locate us on: www.advisen.com

Many Thanks to our Sponsor!



Quarterly D&O Claim Trends: Year-End Wrap-Up

<http://corner.advisen.com>

- **White Paper**
- Copy of these **slides**
- **Recording** of today's webinar
- **D&O lawsuits** (Advisen MSCAd large loss database)
- **Front Page News - Management Liability:**
http://corner.advisen.com/insurance_news_subscribe_FPN.html



D&O Commercial Insurance Group – 2,400+ Members
LinkedIn D&O Commercial Insurance Group

THE D&O DIARY

<http://www.dandodiary.com>

Today's Moderator



Jim Blinn, Principal, Advisen Ltd.



David Bradford- President, Research & Editorial Group, Advisen Ltd.

Today's Panelists



Kevin LaCroix, Executive Vice President, RT ProExec, a division of RT Specialty



Tom McCormack, Domestic & Canadian Head of D&O Claims, AIG



John McCarrick, Partner, White and Williams LLP

Today's Panelists



Kevin LaCroix, Executive Vice President, RT ProExec, a division of RT Specialty

Kevin M. LaCroix is an attorney and Executive Vice President, RT ProExec, Beachwood, Ohio, a division of R-T Specialty, LLC. RT ProExec is an insurance intermediary focused exclusively on management liability issues.

Kevin has been involved in directors' and officers' liability insurance issues for over 25 years. He began his career as a coverage attorney and partner at the Washington, D.C law firm of Ross, Dixon and Bell. More recently, Kevin served as President of Genesis Professional Liability Managers, a D&O underwriter and part of the Berkshire Hathaway group of companies.

Kevin is also the author of the Internet weblog, The D&O Diary, <http://www.dandodiary.com>, "a periodic journal containing items of interest from the world of directors' and officers' liability, with occasional commentary." In addition, Kevin is a columnist for the Insurance Journal. Kevin is a graduate of the University of Virginia and of the University of Michigan Law School.

Today's Panelists



Tom McCormack, Vice President, AIG

Tom McCormack currently is the Domestic & Canadian Head of D&O Claims for Chartis Insurance, including National and Commercial/Middle Market Accounts as well as Private and Non-Profit Accounts. Tom has had two stints at AIG/Chartis and has been with the company for a total of 13 years. Before becoming The Domestic Head of D&O Claims, he was Vice President for Commercial/Middle and Private/Non-Profit Accounts for Central U.S. Tom was also previously a Complex Claims Director in the Accident Group, D&O National Group and the Financial Institutions Group. Prior to arriving at AIG, Tom spent 10 years at Home Insurance Company, most recently the manager of the E&O Large Claims Group as well as all claims reported to the Company's Reinsurers. Tom was responsible for handling large exposure Legal, Accounting, Real Estate Agents and Insurance Agents malpractice claims as well as Police Department claims throughout the United States. Tom has also spent time as a litigator at a NY Defense Firm responsible for handling defense of both Legal and Accounting Malpractice lawsuits against those professionals. Tom received a JD from St. John's University in 1985. Prior to entering Law School, Tom spent five years as an accountant at Texaco, Inc., most recently as the Assistant Chief Accountant for the Budget and Statistical Group for all of Texaco's worldwide enterprises. Tom graduated with a B.S. in Accounting from St. John's University in 1978.

Today's Panelists



John McCarrick, Partner, White and Williams LLP

John McCarrick has been practicing law for more than 25 years and represents professional liability insurers, domestic and international, in connection with insurance coverage and liability issues arising from complex antitrust, customer, shareholder and bankruptcy-related litigation.

In addition to professional liability insurers, John works with reinsurers and insurance brokers on compliance and corporate governance issues, and in business transactions. Working closely with his insurer clients in both product development and policy drafting, John understands the critical issues and strategies underpinning a profitable underwriting portfolio. Clients turn to him for strategic insight and advice to creatively address complex business issues and to negotiate difficult, multi-party settlements and other agreements.

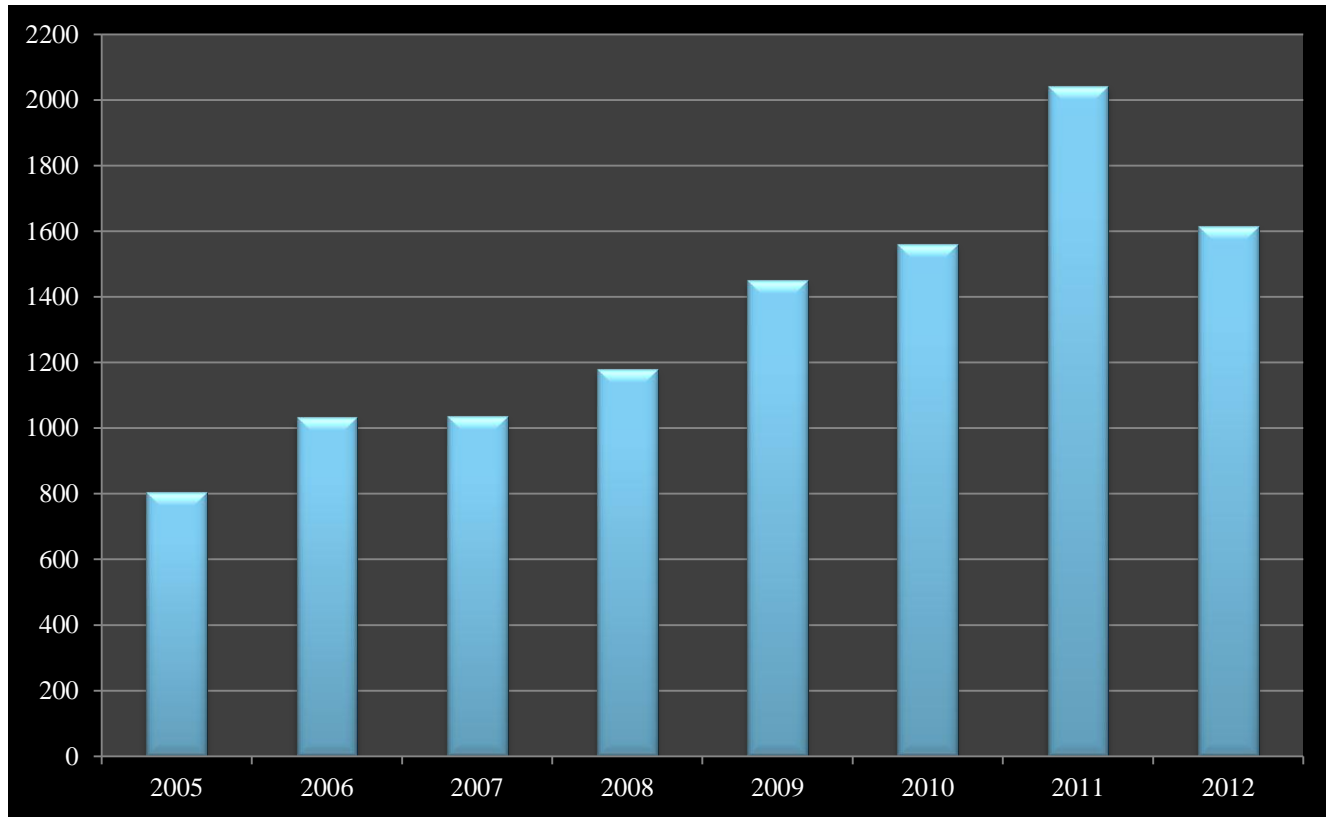
Outside the insurance industry, John works with clients in assessing and deploying enterprise risk management solutions addressing policy, process and technology with a particular focus on data capture and retrieval in the rapidly emerging area of electronic data discovery.

John is frequently asked to speak, and regularly writes, on issues related to directors and officers liability and insurance law.

Key Findings

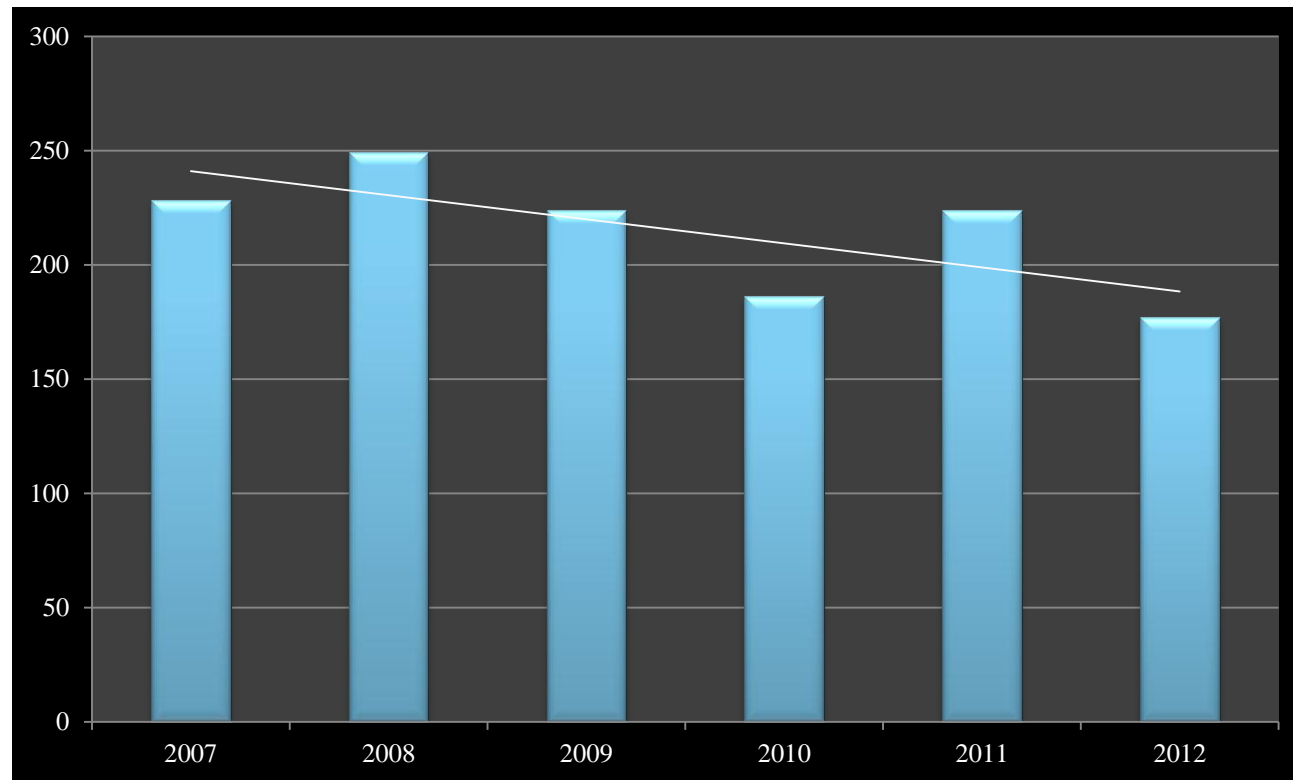
- Filings and new enforcement actions down in all categories relative to 2011
 - Though, in aggregate, higher than 2010 and prior years
- Downward trend in in new SCA suits filed
 - Both number and percentage of total
- Sharp drop in new merger objection suit filings
- Number of SCA settlements down, but average value up
- Decline in FCPA enforcement actions
 - Expected to be temporary
- 20% - 30% of FCPA enforcement actions trigger shareholder derivative suits

Filings and Enforcement Actions



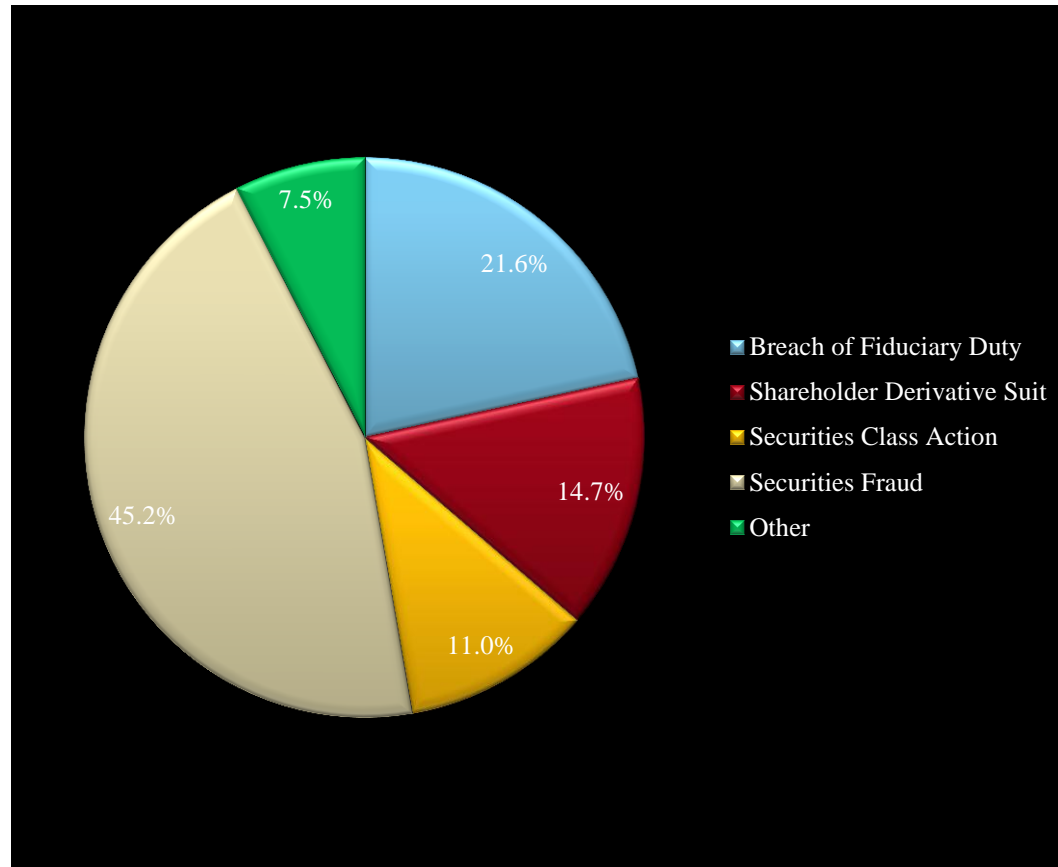
Source: Advisen MSCAd™

Securities Class Action Filings



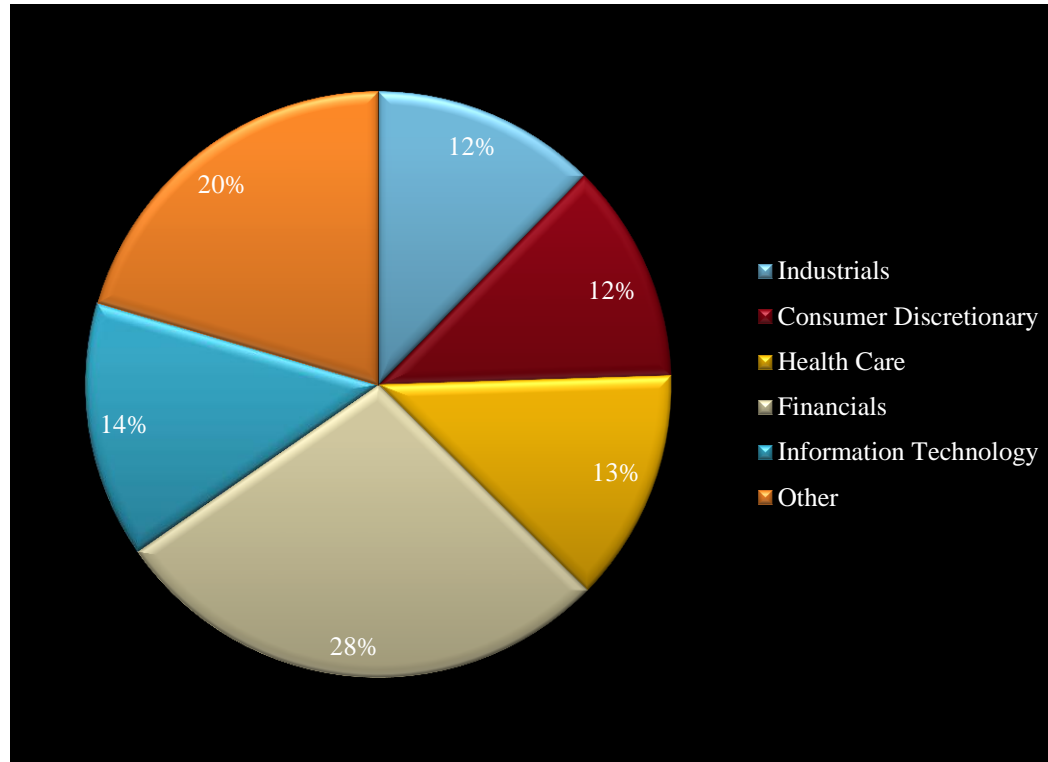
Source: Advisen MSCAd™

Suits by Type



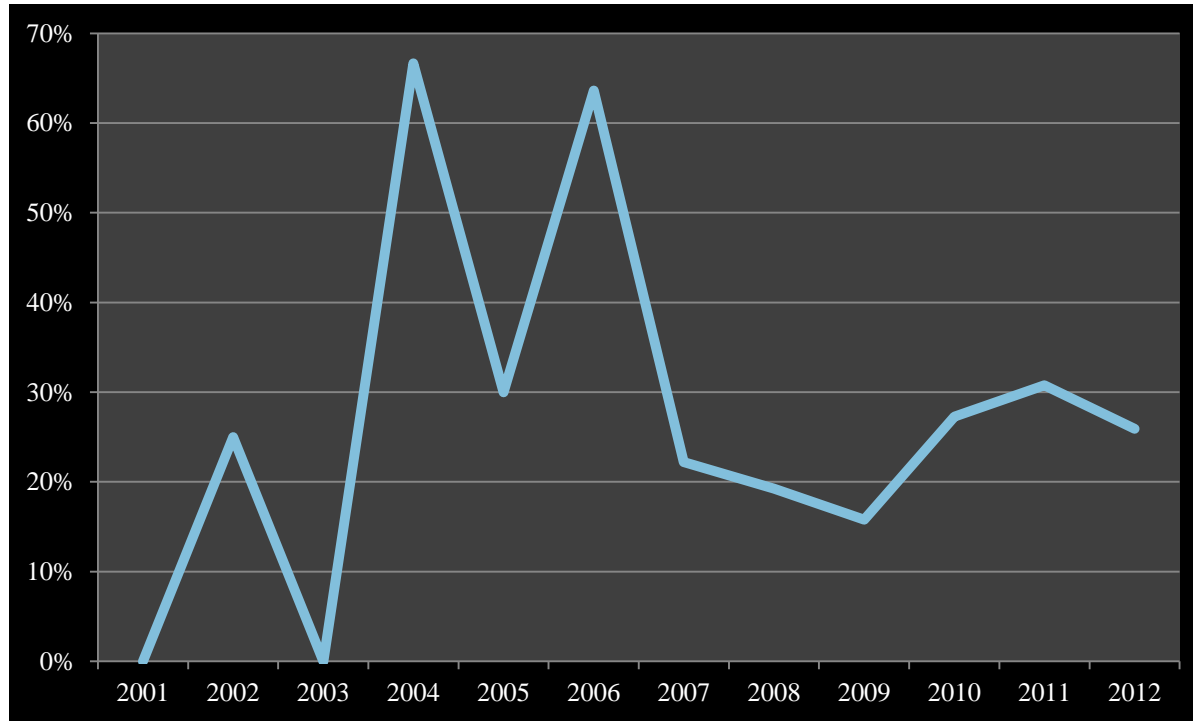
Source: Advisen MSCAd™

Suits by Industry



Source: Advisen MSCAd™

FCPA Derivative Follow-On Suits



Source: Advisen MSCAd™

D&O-related litigation of all types decreased in 2012 as compared to 2011. Any ideas as to why?



Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

How have the role and dynamic between institutional investors and plaintiff attorneys changed in the settlement process? What does this mean relative to the size and speed of settlements going forward?



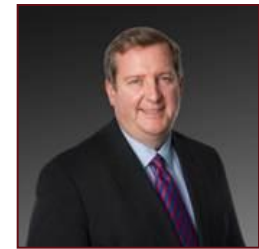
Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

After growing sharply for several years, new merger objection filings decreased in 2012. Has this category of suit lost its luster among plaintiff firms? Is it because of the toughness of insurers?



Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

***New subprime/credit crisis activity has fallen off, but it isn't over yet.
What types of enforcement actions and lawsuits can we expect in
2013?***



Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

We see a downward trend in the number of settlements for class action litigation. What do you see driving this trend?



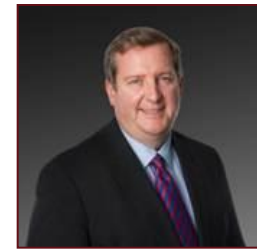
Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

When you get first notice of a D&O claim, what do you look for to determine if it is a whopper or no big deal? How do you evaluate if the defense costs risk running out of control and what do you do to try to keep them in check?



Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

***SEC Financial Fraud/Issuer Disclosure enforcement actions fell in 2012.
Is this likely to change under Mary Jo White's watch? What other
changes can we expect at the SEC?***



Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

New FCPA enforcement actions fell in 2012, but this is expected to be a temporary lull. What is driving the surge in enforcement by the DOJ and the SEC? What types of companies are most likely to be targeted?



Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

***FCPA settlements can run into the hundreds of millions of dollars, but costs associated with investigations also can run into nine figures.
What are the drivers of these enormous costs?***



Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

What types of insurance will likely respond to FCPA investigations and settlements?



Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

FCPA investigations can trigger other types of lawsuits. Please explain what types of suits are likely to follow in the wake of an investigation?



Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

The FCPA is the U.S. attempt to address bribery, but it is just one of a growing number of initiatives around the world. What are the most significant anti-bribery laws outside the U.S.? Do American companies need to be concerned about these laws?



Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

What are the emerging issues in D&O litigation? Are there any looming threats that should be keeping underwriters awake?



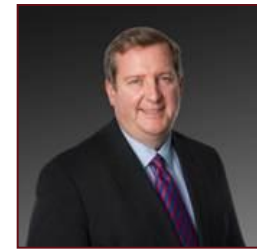
Jim Blinn, Principal,
Advisen Ltd.



Kevin LaCroix, Executive
Vice President, RT ProExec,
a division of RT Specialty



Tom McCormack,
Domestic & Canadian Head
of D&O Claims, AIG



John McCarrick, Partner,
White and Williams LLP

Many Thanks to our Sponsor!



Many Thanks to our Speakers!



Kevin LaCroix, Executive Vice President, RT ProExec, a division of RT Specialty



Tom McCormack, Domestic & Canadian Head of D&O Claims, AIG



John McCarrick, Partner, White and Williams LLP

Upcoming Advisen Webinars

Visit http://corner.advisen.com/advisen_webinars.html for the 2013 Webinar Schedule

- **State of the European P&C Insurance Market**

Thursday, March 7, 2013 at 11am EST

<https://www1.gotomeeting.com/register/567585073>



The screenshot shows the Advisen website's 'Advisen Webinars' page. The header includes navigation links: 'ADVISEN's Digital Insurance Platform', 'About Advisen', 'Corner Store', 'Front Page News', 'Alerts', 'Community', 'Login', and 'Contact'. Below the header is a search bar and a promotional banner for 'ADVISEN's Corner Store' with the tagline 'Productivity & Insight for Insurance Professionals'. A secondary navigation bar lists: 'ADVISEN LTD.', 'TOPICAL REPORTS', 'ANALYTICS REPORTS', 'SALES REPORT', 'SOLUTIONS', 'INSURANCE NEWS', 'ADVISEN EVENTS', 'JOB & CAREERS', and 'ADVISEN RESOURCES'. The main content area features a 'Home' link, a 'WEBINAR ARCHIVE' button, and a section titled 'Advisen Webinars' with a photo of a man looking at a screen. Text below the photo states: 'Advisen Webinars are weekly events produced by The Advisen Conference Programming Board led by David Bradford and the Editorial Team at Advisen. In 2010 Advisen created and produced over 20 sponsored Webinar events serving more than 10,000 participants who listened to detailed programs such as "State of The Industry Reports", "The Role of The Risk Manager", "Securities Litigation", and more. These one hour events feature industry luminaries, commercial insurance experts, and offer an in-depth review of a wide array of commercial insurance topics. In 2011 Advisen will offer 30 Webinars with an opportunity for you to stay informed and connected to the thought leadership of The Advisen Conference Programming Board. Advisen thanks our extensive group of Webinar Sponsors that make this unique form of information possible. [Click here](#) for Webinar sponsorship information.'

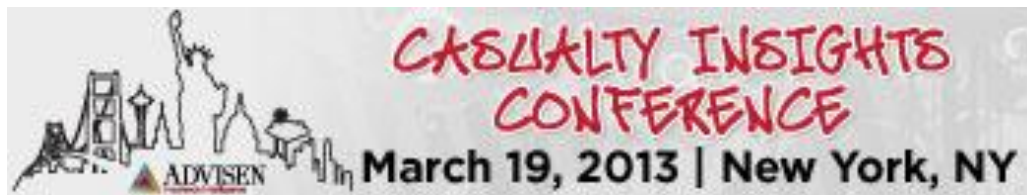
Upcoming Advisen Conferences

Visit http://corner.advisen.com/advisen_conference.html for the 2013 Webinar Schedule



Date: Wednesday, February 27, 8:00 AM GMT

<http://events.Signup4.com/AdvisenCyberInsightsLondon2013>



Date: Tuesday, March 19, 8:00 AM GMT

<http://events.Signup4.com/AdvisenCasualtyInsights2013>

How to reach us:

Advisen Ltd.

1430 Broadway

8th Floor

New York, NY 10018

www.advisen.com

Voice: +1.212.897.4800

Fax: +1.212.972.3999

support@advisen.com