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**News
Release**

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ACE Progress Report Sheds Light on the Bankruptcy and Liability Implications for Directors & Officers

A Series of ACE Progress Reports: Critical Research
on Current & Emerging Risk Management Issues

PHILADELPHIA, April 23, 2010 – ACE USA, the U.S.-based retail operating division of the ACE Group, today announced the availability of a new report presenting the implications of bankruptcy for directors and officers. More than any other action against corporate officers and directors, bankruptcy poses the greatest threat to their personal financial well-being, and presents the most complicated coverage issues.

In this new report, titled: “Financial Crisis: Bankruptcy Implications for D & O Insurance,” authors Carol Zacharias, Senior Vice President and Deputy General Counsel, North America, ACE Group; Scott Meyer, Executive Vice President of ACE Professional Risk; and, Keith Lavigne, Senior Vice President, ACE Professional Risk, examine the rise in bankruptcy filings, describe the bankruptcy process and participants’ roles, illuminate directors and officers liability and key coverage concerns, and propose best practices with regard to quality insurance protection. Their commentary is part of ACE Progress ReportsSM, a collection of white papers, articles, and executive reports on current and emerging risk management issues.

In their discussion, the authors discuss the impact of the global recession – which -- spawned by the subprime mortgage and credit crisis in the United States -- fostered a steep rise in the number of personal and business bankruptcy filings in 2009. These soared thirty-two percent (1.44 million filings) over the previous year. More than 150,000 U.S. companies -- approximately one in every 200 American businesses -- filed for bankruptcy protection, in 2008 and 2009. The rate of bankruptcy filings has more than doubled in the last two and a half years, while the number of filings by publicly-traded companies in 2009 (207 bankruptcies) was the third highest in a single year since 1980.¹

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¹ BankruptcyData.com



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And, as Ms. Zacharias points out, more business bankruptcies may lie ahead. “Bankruptcies,” she said, “are a lagging economic indicator, tending to follow poor financial news by a period of three quarters and more.” The worst may not yet be behind us. When purchasing D&O insurance, it may be instructive to bear in mind what insurance underwriters are scrutinizing in their evaluation of risk.

Chief among all risks, underwriters maintain, is bankruptcy. “It’s the key risk in a D&O context that we try to ascertain,” said Mr. Meyer. He commented further on the findings of the report, noting, in particular, the importance of having a good understanding of who the creditors are. “Different creditors have different attitudes and approaches to companies in financial distress. Each creditor – shareholders, suppliers, pension funds or mutual funds – has a different risk profile. We look at the company’s experience with the capital markets, understanding who its bankers are and examining their track record, with regard to accessing capital. We’re always searching for where the perceived risk is greater than the actual risk.”

Commented Mr. Lavigne, “Among other things, we look for whether a company is selling off good assets that it should, in fact, hold onto, because this may be an indication of behavior leading up to an eventual bankruptcy.”

To access the report, please visit: www.aceusa.com/News/Pages/ACEProgressReports.aspx. The material presented in the report is not intended to provide legal or other expert advice. It is presented as information only. Readers should consult legal counsel or other experts, as applicable, with any questions they may have.

Staffed by a team of innovative underwriters, ACE Professional Risk is the operating unit within ACE USA that distributes management liability, professional liability, and surety products through retail brokers throughout the U.S. and Canada. For more information about ACE Professional Risk and its range of products and services, please visit: www.aceusa.com.

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ACE USA is the U.S.-based retail operating division of the ACE Group, and is rated A+ (Superior) by A.M. Best Company and A+ (Strong) by Standard & Poor’s. ACE USA, through its underwriting companies, provides insurance products and services throughout the U.S. Additional information on ACE USA and its products and services can be found at www.aceusa.com. Celebrating 25 years of insuring progress, the ACE Group is a global leader in insurance and reinsurance serving a diverse group of clients. Headed by ACE Limited (NYSE: ACE), the ACE Group conducts its business on a worldwide basis with operating subsidiaries in more than 50 countries. Additional information can be found at: www.acegroup.com.