

Our **Excess Follow Form Liability Insurance** policy is intended to follow the underlying policy(ies) in a layered program. The follow form policy adopts the provisions of the controlling underlying insurance, with limited exceptions.

PRODUCT FEATURES

Available for D&O, Securities, Bankers Professional, Employment Practices, Trust and Fiduciary Liability

Available on an admitted basis in most states with limits up to \$10 million

True Follow Form Language

- ✦ Contains few definitions to closely follow the controlling underlying insurance
- ✦ Follows the notice, cancellation and subrogation provisions of the controlling underlying insurance
- ✦ Contains no additional exclusions
- ✦ Contains no assignment, warranty, arbitration or appeals provisions

No requirement for reinstatement or replacement of eroded or exhausted underlying limits

Broad Attachment Language

Liability for a covered claim attaches after the insurers of the underlying policies, the insureds, or any other party has paid in full the amount of the underlying limit. Many other excess forms attach only when the insurer of the underlying policy has paid the full amount of the underlying limit. This is crucial should the underlying insurer refuse, dispute or fail to pay the covered loss on a covered claim.

EXAMPLES

- ✦ A bank invested heavily in junk bonds. A drop in the value of the bonds led to a decline in the bank's capital reserves and a \$14 million devaluation of its own stock value. A plaintiff, on behalf of herself and other shareholders of the bank, sues the bank and its directors, seeking to recover \$14 million in civil damages by alleging negligence, breach of fiduciary duty and unsafe and unsound investment policies. The \$10 million limit of the bank's underlying policy is exhausted by defense and settlement payments on behalf of the bank, leaving its directors exposed for the remaining amount. The Excess policy kicks in to cover the remaining defense costs and settlements up to the excess policy limit.
- ✦ A bank had a \$10 million primary policy and an excess policy. The bank was hit with a D&O lawsuit and incurred \$12 million in defense and indemnity costs. There was a coverage controversy with the primary carrier, so the underlying carrier paid \$7 million of its \$10 million limit and the bank absorbed the \$3 million left by the coverage gap. The bank sought to recover the additional \$2 million from its excess carrier. Because the bank's excess policy had a broad attachment provision, it accepted the \$3 million paid by the bank as fulfilling the underlying limit obligation and paid the remaining \$2 million on the claim.

The claims scenarios in this material are provided to illustrate possible exposures faced by your clients. The facts of any situation which may actually arise, and the terms, conditions, exclusions, and limitations in any policy in effect at that time, are unique; thus, no representation is made that any specific insurance coverage applies to the above claims scenarios. Not available in all states. All coverage descriptions and data are provided for informational and educational purposes only and are not a representation as to coverage. For details on the coverage provided by your specific contract of insurance, please refer to your policy. Policies are underwritten by Great American Insurance Company, an authorized insurer in all 50 states and the D.C. and Great American E&S Insurance Company, a DE domiciled surplus lines insurance company, eligible to underwrite surplus lines insurance in all 50 states and the D.C. This is not intended as a solicitation or offer to sell an insurance product in a jurisdiction in which the solicitation, offer, sale or purchase thereof would be unlawful. 092019.XS3 © 2019 ABA Insurance Services Inc., dba Cabins Insurance Services in CA, ABA Insurance Services of Kentucky Inc. in KY, and ABA Insurance Agency Inc. in MI, 3401 Tuttle Rd., Suite 300, Shaker Heights, OH 44122.