Business as Unusual: Management Liability

MPR

TOP 5 TIPS

The turbulence in the Management Liability market has intensified. Price increases can sometimes draw attention away from developments in programme management, and there are recurring themes which can be as important as premium considerations:

1. Automatic Run Off.

The ‘need’ for run off is well documented. However, access to this is changing through contractual amendments and by endorsement. On acquisition, run off may not be available or, if it is, may be on amended terms set by the underwriter with additional exclusions. This is happening with greater regularity.

2. Endorsements.

These can have far reaching consequences and are appearing with greater frequency. Some of the language can be inconsistent and vague. If in doubt, check with an underwriter

3. Deductibles.

Whilst these have been almost always been a feature for USA claims and securities claims, they have reappeared recently. And on classes that always carried them, they have risen, often dramatically.

4. Subjectivities.

Renewal terms can include a requirement for ‘subjectivities required for binding’ or ‘subjectivities blocking binding’. It is likely that a Management Liability underwriter will use the same information that will have been supplied on other classes, so it is useful to get this in to the underwriters.

5. Strategies.

Very few could have foreseen the impact of Covid 19 and even fewer will be able to predict how the next 12 months will develop, both in terms of the operational and litigation environment. This has inevitably manifested itself in the underwriting strategies and terms produced by Management Liability insurers, with an inherently more cautious approach.

To be solid, insurance must be flexible