



## ***News from Chubb Insurance Company of Canada***

### **Study: Canadian Litigation Trends Catching Up to Americans Chubb Survey Shows Canadian Private Firms Face Equivalent or More Litigation than U.S. Counterparts**

**Toronto, ON, September 16, 2008** – Dispelling what for many has been longstanding conventional wisdom, a recent survey by Chubb Insurance Company of Canada has found that private companies in Canada and the United States are facing similar trends in litigation arising from customers, shareholders, employees and business partners.

According to the latest *Chubb Private Company Risk Survey*, in the past five years Canadian and U.S. private companies have had to deal with similar rates of lawsuits against their directors and officers, legal action involving general management liability, and lawsuits from their customers.

“The survey findings were surprising as, generally, Canadians are thought to be far less litigious, and therefore Canadian companies are seen to be less vulnerable to litigation, than our American neighbors,” said David Williams, Senior Vice President of Specialty Insurance for Chubb Insurance Company of Canada. “There appears to be a gradual shift in Canada to initiating litigation as a method of dispute resolution. We are continuing to see private companies facing similar allegations in litigation against management as larger, public firms.”

He added; “Awards in Canada remain smaller than in the States but on a number of fronts, the survey results should be a real eye-opener for private companies in Canada.”

The survey evidence that Canadian commercial litigation patterns are becoming similar to those in the U.S. was particularly apparent in three specialty insurance areas:

- **Directors and Officers (D&O):** Private companies in Canada and the U.S. faced similar lawsuits from customers (16%), competitors (5%), vendors (6%) and partners or shareholders (3%) in the last five years. The average cost to the affected Canadian companies was \$338,699, but the general feeling among Canadian respondents was that D&O-related risks are minimal.
- **Employment Practices Liability (EPL):** Almost a quarter of U.S. firms and a third of Canadian firms experienced some type of employment practices-related incident in the last five years, with Canadian firms facing far more claims (27% vs. 15%) from employees. Judgments, settlements, fines and legal fees for such incidents, cost affected companies an average of \$63,724.

- **Errors and Omissions (E&O):** Roughly 1 in 10 companies have been sued in connection with an error or failure in service within the past five years, with Canadian and U.S. firms facing a similar number of lawsuits (12%) from customers or partners. The average cost for E&O suits was \$73,649.

Pollara, a public opinion and market research firm in Canada, conducted the **Chubb Private Company Risk Survey** in late 2007. The firm interviewed specialty insurance decision-makers at 300 Canadian for-profit, private companies, and 469 firms in the U.S. Chubb anticipates releasing an executive summary of the survey results this fall.

Chubb Insurance Company of Canada has offices in Toronto, Montreal, Vancouver, and Calgary and employs an exclusive network of more than 200 brokers across Canada.

The member insurers of the Chubb Group of Insurance Companies form a multi-billion dollar organization providing property and casualty insurance for personal and commercial customers worldwide through 8,000 independent agents and brokers. Chubb's global network includes branches and affiliates in North America, Europe, Latin America, Asia and Australia.

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