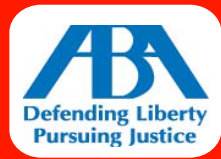




INSURANCE RAMIFICATIONS OF THE SUBPRIME/CREDIT MORTGAGE CRISIS



A TIPS LIVE AUDIO WEBCAST

THURSDAY, MAY 29, 2008 • 1:00 P.M. - 2:30 P.M. EDT

There are currently \$1.2 trillion in outstanding subprime home mortgage loans in the United States of which some 13% are in default. The resulting subprime/credit crisis already has given rise to litigation on many fronts. Insurance claims inevitably will follow. Recent reports estimate \$9 billion in potential insurance claims-related costs.

Claims are likely to arise under at least Errors and Omissions, Directors and Officers, and Bond insurance. Whether a policyholder or insurer, numerous issues will need to be confronted: the proper timing of notification, requesting or granting consent to requests for defense or to allow settlement, who will control the defense and selection of counsel, whether fraud or rescission or other knowledge-based defenses will bar claims, whether "claims" actually have arisen, and how limits, if applicable, will be applied considering potentially competing claims for limits among Named Insureds and across combined limit policies. Other issues will include the proper immediate reaction, including insurers' potential addition of mortgage-backed securities exclusions and policyholders likely reactions.

Policyholders and insurers must prepare now. To that end, the ABA has put together a panel of experts to explain parameters of the subprime crisis and the likely insurance implications. Both perspectives - insurer and policyholder - will be presented along with neutral input and commentary from Ernst & Young.

1) **What is the "Subprime/Credit Crisis"?**

Walter Morris, Ernst & Young LLP

- What types of claims have been filed?
- What types of suits have been and will be filed?
- How does the origination and securitization process operate?

2) **Insurance Coverage**

Mark J. Plumer, Heller Ehrman LLP

Alan Rutkin, Rivkin Radler LLP

- Is it Covered?
 - o E&O Coverage
 - o D&O Coverage
 - o Bond Coverage
- What are the practical next steps?
 - o Notification
 - o Defense Issues
 - o Other Thorny Questions



3) **What will this cost the insurance industry?**

Daniel G. Lentz, Ernst & Young LLP

- Defense
- Indemnity
- Other Costs

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