

# Bermuda Punitive Damage Wrap

Under civil law, punitive damages are awarded when compensatory damages are deemed an inadequate remedy and where a defendant's actions can be interpreted as being willful, wanton, reckless or malicious. The unpredictable nature of large punitive damage awards and the accompanying publicity can cause significant damage to a corporation and its value to shareholders, and is complicated by a lack of uniformity among states as to the determination, treatment and even the insurability of punitive damage awards.

- Forty-eight states permit punitive damage awards.
- Twenty-three states disallow insurance from domestic carriers for punitive damages.

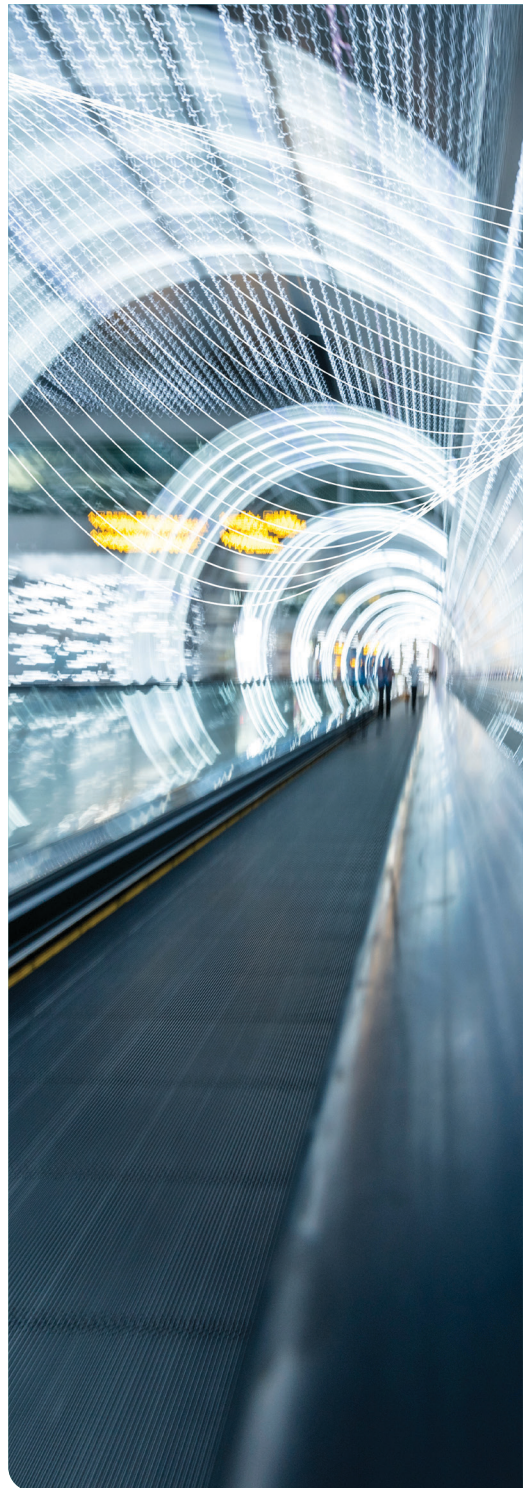
To solve this coverage dilemma, several U.S.-based insurers have created wrap policies, issued by their Bermuda-based sister companies, that are designed to fill gaps created by inconsistent state regulation. The Bermuda-domiciled companies are able to respond to punitive damage awards in states where their domestic counterparts cannot.

It is important to note that most conventional excess liability placements made in the Bermuda market automatically include punitive damage coverage, and therefore a wrap policy is not required.

## COVERAGE HIGHLIGHTS

Bermuda carriers will wrap only their domestic counterparts. Artex Intermediaries maintains access to all major carriers that provide punitive wrap coverage.

- The wrap policy does not increase the total limits available to the insured, but rather fills the exclusionary gaps of the domestic policy.
- The domestic policy should cover punitive damages in all states where it is legally possible to do so.
- The policy can be written on a claims-made or occurrence basis to match the wrapped insurance policy.



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- The policy can drop down, but only to the same extent that the wrapped policy drops down.
- Among the liability policies that can be wrapped are general, products, employment practices, healthcare professional and Directors & Officers.

Punitive damages are unpredictable. Domestic coverage gaps and statute variances make these risks even more difficult to manage, especially for large multi-jurisdictional corporations. Let Bermuda provide the solution.

## ACCESS TO THE BERMUDA MARKET

The Bermuda insurance market permits access only through authorized Bermuda market brokers. Artex's wholesale team averages 20 years of experience dedicated specifically to navigating the Bermuda market's vast capacity.

Our physical presence, market knowledge and underwriting relationships make a substantial difference in securing the most effective placement terms.

We stand side by side with retail brokers to fully understand client needs, and respond quickly with accurate and actionable solutions. Artex has a long and proven track record of delivering successful results and adding value to the process.

## THE ART OF RISK

At Artex, we believe there is more to alternative risk management. As a trusted leader and provider of diverse (re)insurance and ILS solutions, our global team operates at the intersection of art and science—where creative thinking meets expertise and superior outcomes are made. That's how we're able to fully understand our clients' needs and deliver the most comprehensive solutions available.

Established in more than 30 domiciles internationally, we're here to help you make empowered decisions with confidence, reduce your total cost of risk and improve your return on capital. At Artex, we believe in finding you a better way.

**To learn more about Artex Intermediaries, Ltd., contact Martel Laws.**

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