



By  
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**L**ong-term latency exposures have become an increasingly critical threat to many businesses that are just struggling to stay financially viable in today's economy.

It's tough enough for most businesses to manage the current economic challenges—it would be far more difficult if an issue such as asbestos/silica, lead paint or breast implants were suddenly identified as an exposure to a company or industry.

Every business faces a multitude of risks, but rapid advances in tech-

ultimately pose 80% of its risk.

Due to the long-tail nature of latency exposures and the current economy, it's important that agents, brokers and risk managers take the following into consideration when purchasing an umbrella or excess insurance policy:

- What's your insurance carrier's level of experience? Latency claims tend to be large and complex, sometimes involving a multitude of claimants or class-action lawsuits. Seek out insurance companies that have a track record of expertise in these types of claims.

- Will the promise hold up over time? Insurance companies have not been immune to the pain inflicted by today's economy. Make

sure you do your due diligence prior to the purchase of a policy—especially an umbrella/excess policy designed to respond to exposures that may not be known for several years and may take even more years to ultimately settle. How does a carrier manage its business exposure, aggregation and investment portfolio so that it will be around tomorrow?

- What's the insurance carrier's value-added proposition? Some insurance carriers may offer loss control services to help mitigate the risks associated with latency exposures or market their claims-handling ability. If a company has global operations, are such services available worldwide?

- Industry acquaintance or industry insider? Make sure the insurance carrier has an in-depth understanding of your business or industry. The first step in developing a strong insurance program is finding an insurer that knows the risks you face. Managing latency exposures requires the ability to look at both past occurrences and what could happen. Carriers who have the breadth and depth of knowledge required to make insightful insurance purchasing and loss-control recommendations will be the ones to work with over the long term. **BR**

# Latency Exposure Requires Foresight

Sometimes the smallest thing can pose the greatest risk.

nology are creating new exposures, not all of which are known to us today. For example, nanotechnology may bring many unknown risks to the workplace, the marketplace and the environment. The very properties that enhance products using nanotechnology may also create risks for makers and users of these products.

Risk managers who have the foresight to recognize their organization's potential vulnerability to latent exposures understand the value of putting best practices in place. These organizations seek insurance solutions (e.g., excess liability policies) that can help minimize the potentially catastrophic financial magnitude. In addition, loss control programs also can help mitigate the risks. But it's often difficult for a company to identify its vulnerability to long-term latency. It may be that a secondary or even a tertiary exposure creates the greatest risk—the product or service that comprises just 5% of the company's sales, may

**It can be difficult for a company to identify its vulnerability to long-term latency.**

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