

Driving Alignment in a Challenging de-SPAC Space



The Challenge

Last summer, a multi-billion-dollar valuation de-SPAC went public via merger. A merger of that size created a uniquely challenging problem. Newfront's Executive Risk team became aware that **as claims developed, some excess carriers were taking coverage positions contrary to the primary carrier's position. This misalignment created considerable litigation and financial risk.** Given the complexities of public company D&O policies in a de-SPAC scenario, coordination of multiple policies is critical due to potential allocation issues between the various policies for any claims related to the transaction itself.

The Strategy

Rather than defaulting to the standard de-SPAC policy wording, Newfront's Executive Risk team set out to tackle the daunting task of bringing 25+ disparate trading partners into a pre-agreed claims approach before policy inception and any claims were filed.

Leveraging its deep industry relationships, the ERS team reached out to every head of underwriting, legal, and claims at each of the 25+ carriers on the program over the course of three months. Working closely with its trading partners, **the team created an unprecedented alignment throughout the insurance tower; if the primary layer accepted litigation as a covered claim, the entire tower would follow suit.** This rare consensus effectively guaranteed that the client's entire policy would respond when needed and removed the risk of any coverage disruption.

The agreement also represented an innovative blueprint for future mergers that Newfront could exclusively offer its clients, a true competitive edge that addressed D&O risk before, during, and after a de-SPAC merger.

The Solution

The work underwent 30+ iterations as the team built the final agreement. **Bringing more than 25 disparate trading partners into alignment before the coverage was bound** was truly a collaborative breakthrough spearheaded by Newfront's Executive Risk team.

"We've already repeated the approach for another client that works with a different team at Newfront. That's the beauty of how we're set up as an organization: we can take good work, and then replicate it ten more times for another ten clients down the road."

John McCall

Senior Vice President
Financial Institutions &
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