

Quarterly D&O Claims Trends: Q1 2015

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Today's Moderator



Jim Blinn

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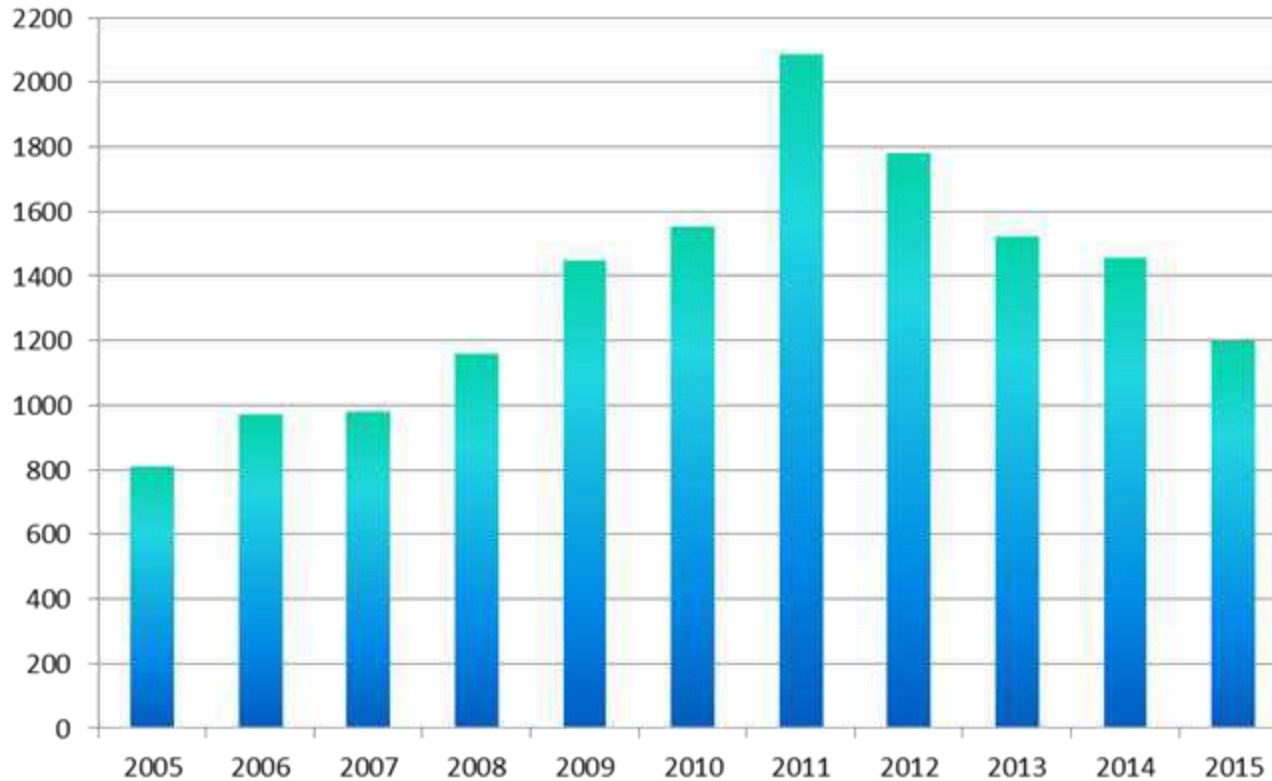
Key Findings

- Securities and business litigation filings declined 9 percent compared to the same quarter a year ago and 11 percent from the previous quarter.
- The quarter saw a mix of increases and decreases in the various case types tracked by Advisen.
 - *Filing total declines were experienced by derivative shareholder actions, merger objections, and securities class actions.*
 - *Filing total increases were experienced by capital regulatory actions, securities individual actions, FCPA, and breach of fiduciary duties: securities.*
- Falling 60 percent year-over-year, derivative shareholder actions experienced the largest decline.
- Securities class actions
 - *Total filings flat year-over-year (43 in Q1 2014 vs. 42 Q1 2015)*
 - *Percentage of total up from 13 percent in Q1 2014 to 14 percent in Q1 2015*

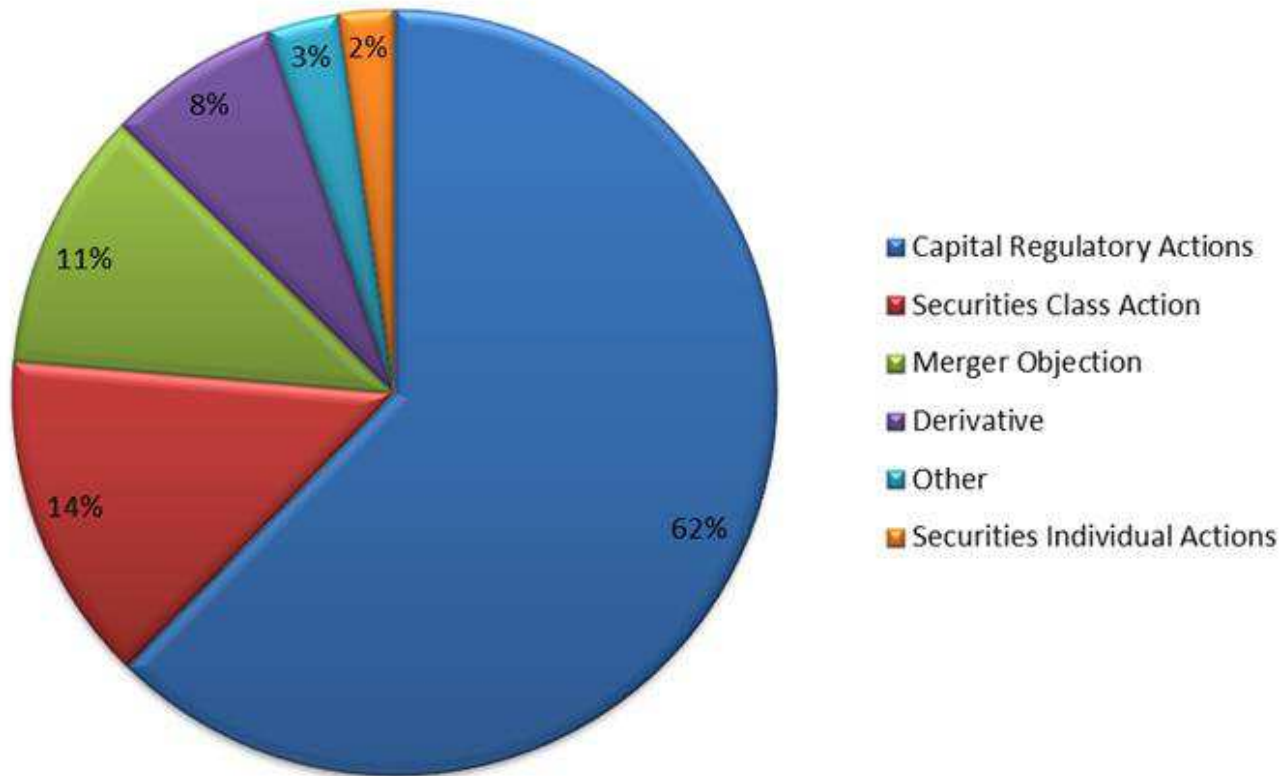
Key Findings

- Accounting for 62 percent of the quarter's total filings, capital regulatory actions by far remained the leading source of new securities suit filings in the first quarter.
- Merger objection filings continued to trend downward with 33 in Q1 down from 60 in Q1 2014.
- Financial services remained the top sector for new filings.
- Industrials was the second most active sector for new filings for a fourth consecutive quarter.
- Both the number of settlements and the average settlement value were higher year-over-year, and quarter-on-quarter.
- Capital regulatory actions represented the largest number of settlements and had the highest average settlement value.

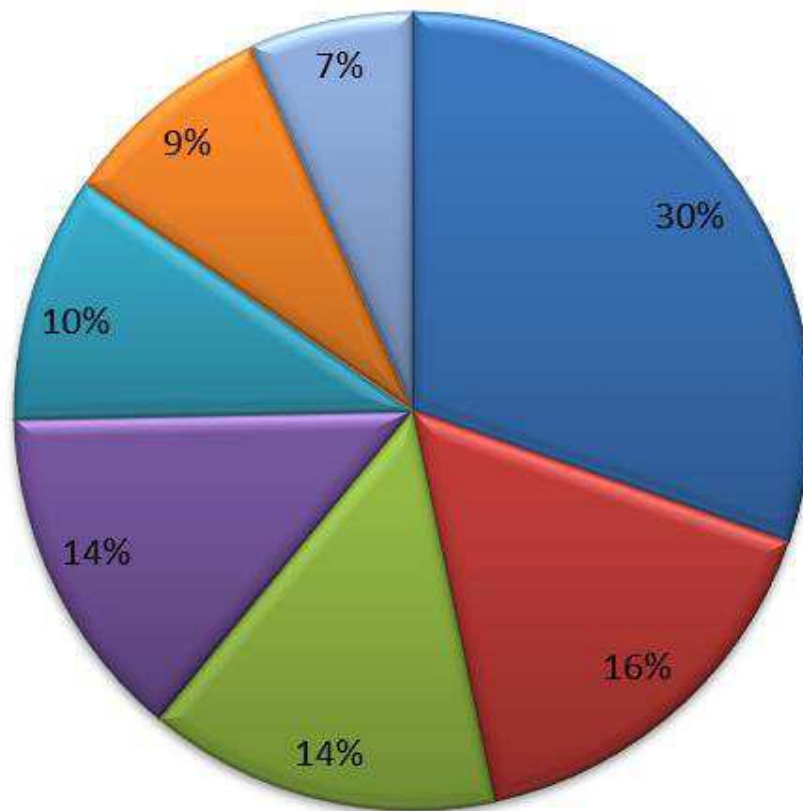
Filings and Enforcement Actions



Suits by Type

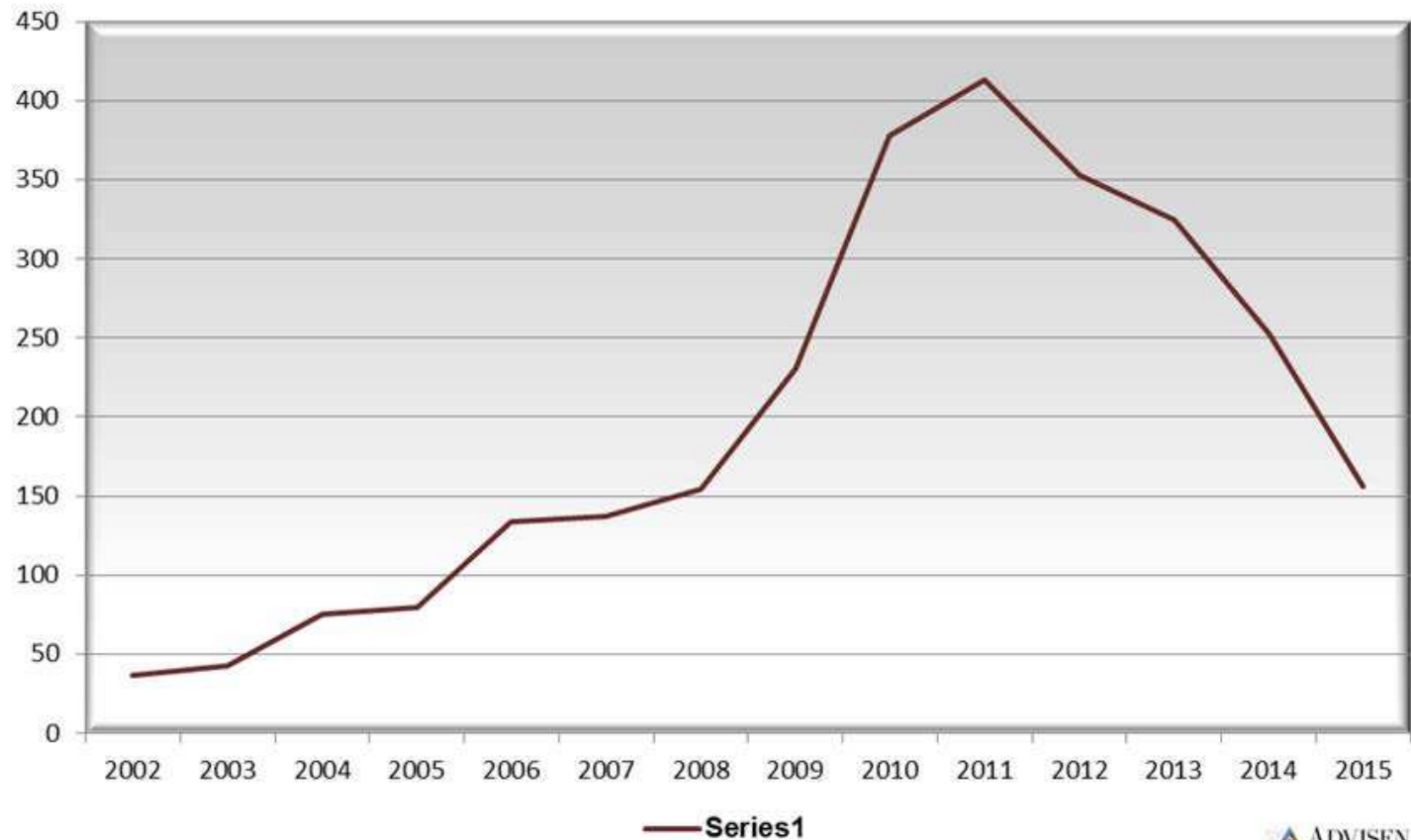


Suits by Sector



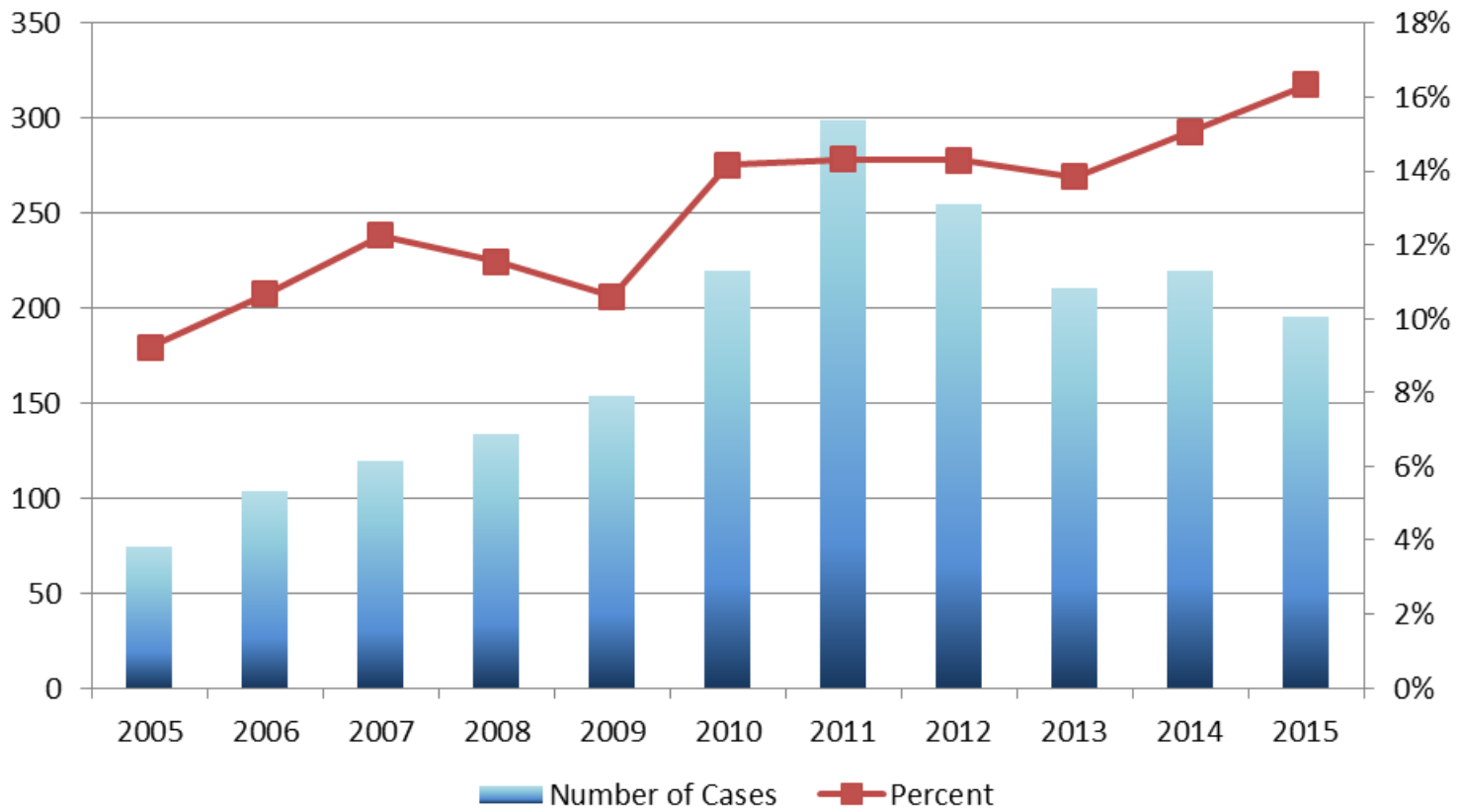
- Financials
- Industrials
- Information Technology
- Consumer Discretionary
- Health Care
- Other
- Energy

Merger Objection Cases Annualized



ADVISEN

Non-US Companies



Panelists



Ben Fidlow
Global Head of
Core Analytics
Willis



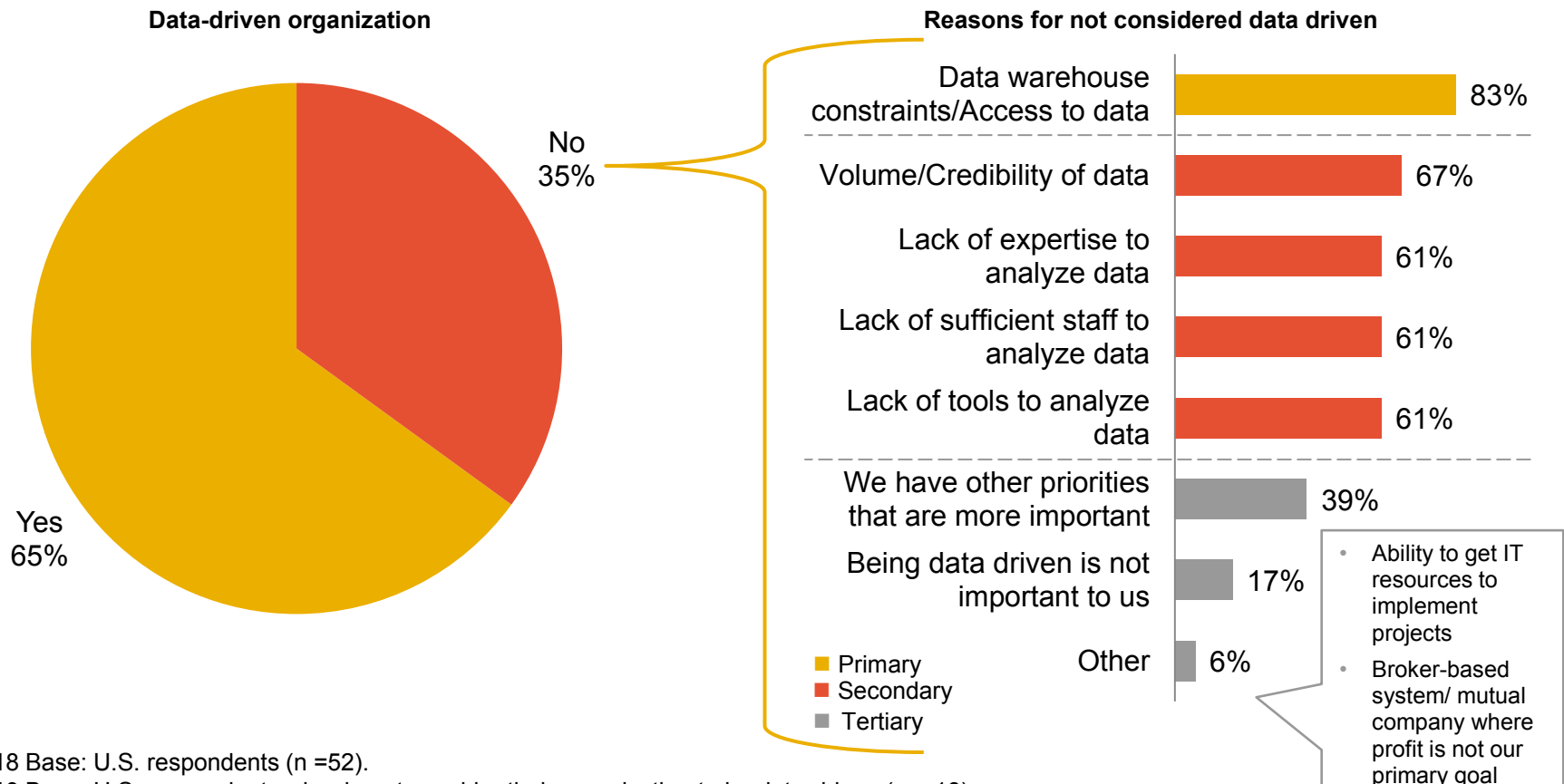
Kevin LaCroix
EVP, RT ProExec,
a division of
RT Specialty, and
author of the
D&O Diary



Brian Stoll
Director, Property &
Casualty Practice,
Towers Watson

Two-thirds of respondents characterize their companies as data-driven; interestingly, the biggest hurdles revolve around data capabilities rather than aspirations

Would you characterize your company as a data-driven organization? (Q.18)
Why do you not consider your organization data driven? (Q.19)

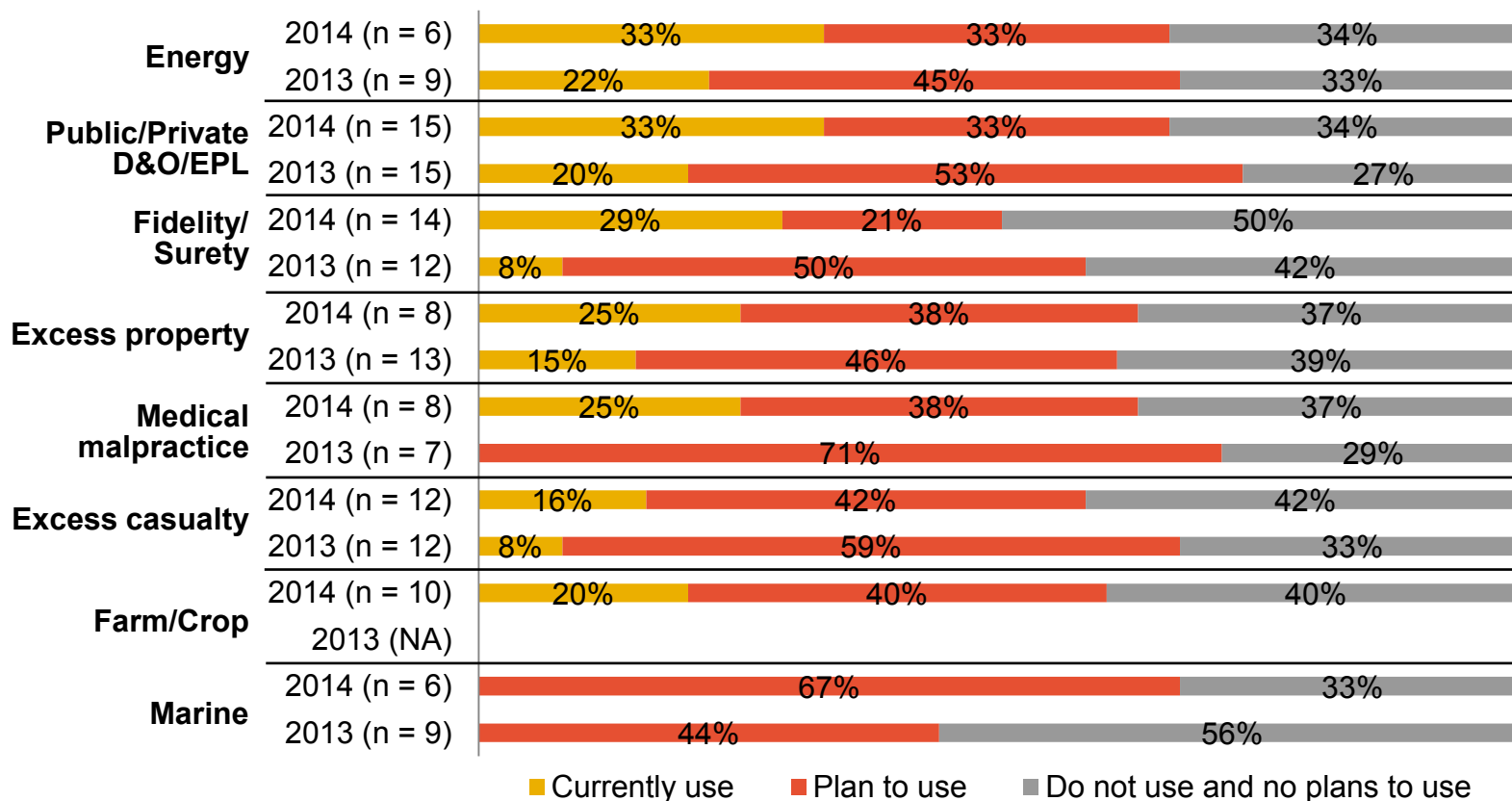


Q.18 Base: U.S. respondents (n =52).

Q.19 Base: U.S. respondents who do not consider their organization to be data-driven (n = 18).

The use of predictive modeling has increased for most specialty lines, with marine still lagging in current use

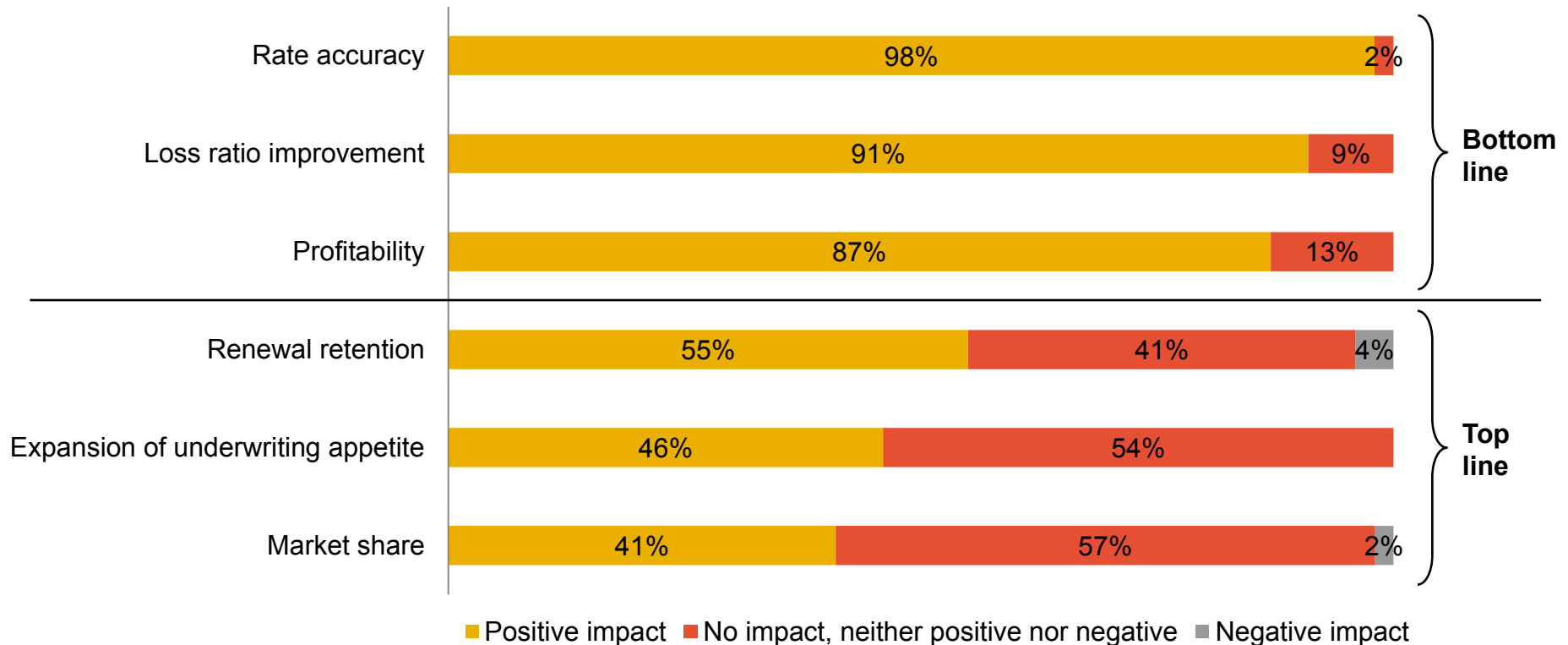
Does your company group currently use, or plan to use, predictive modeling in underwriting/risk selection and/or rating/pricing for the following *specialty lines of business*? (Q.3)



Base: U.S. respondents giving a valid answer (percentages exclude 'Do not write this line of business').

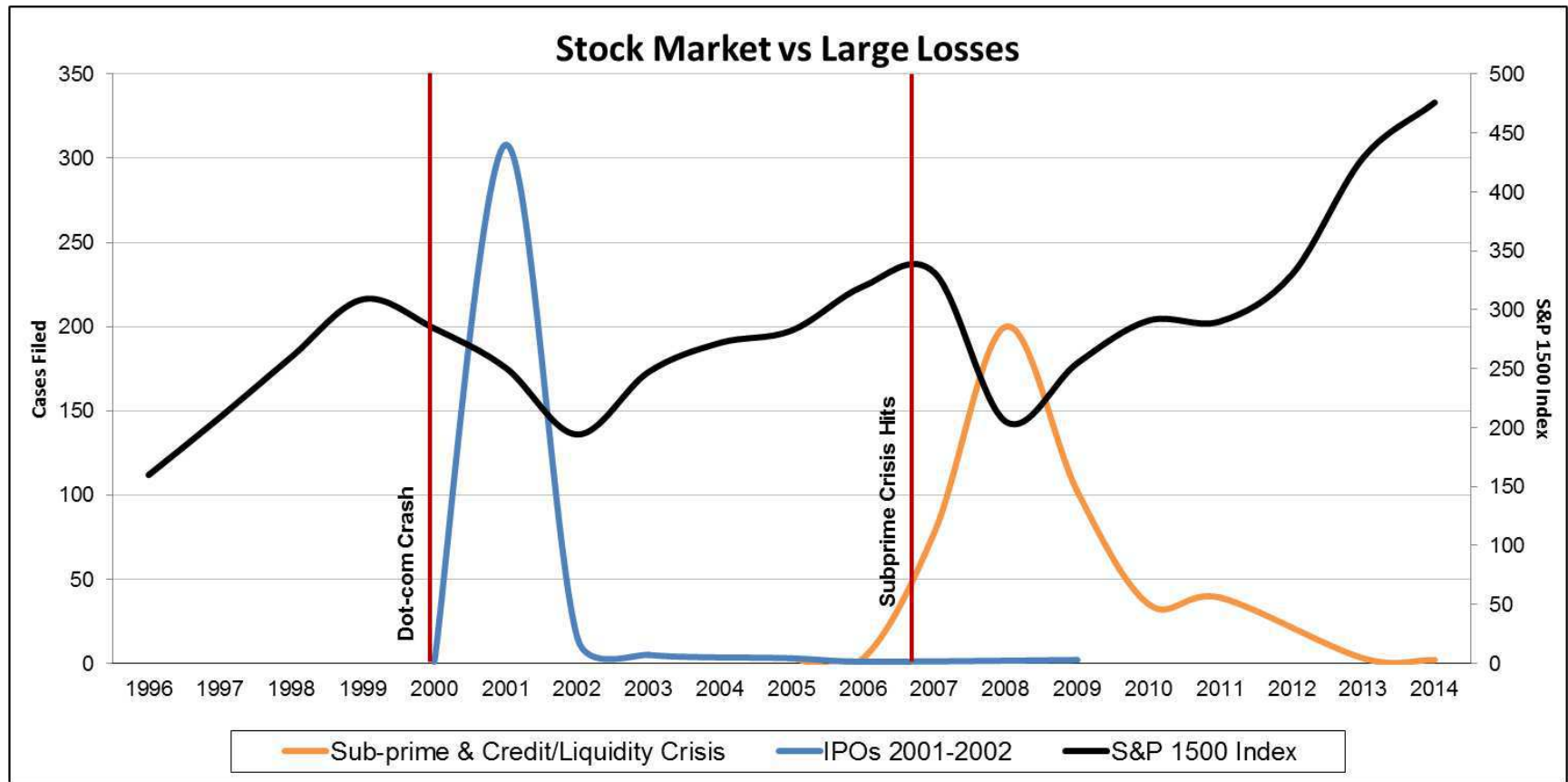
The impacts of predictive modeling on bottom line metrics continue to be overwhelmingly positive; there are increasingly favorable impacts on the top line as well

What impact has predictive modeling had in the following areas? (Q.7)



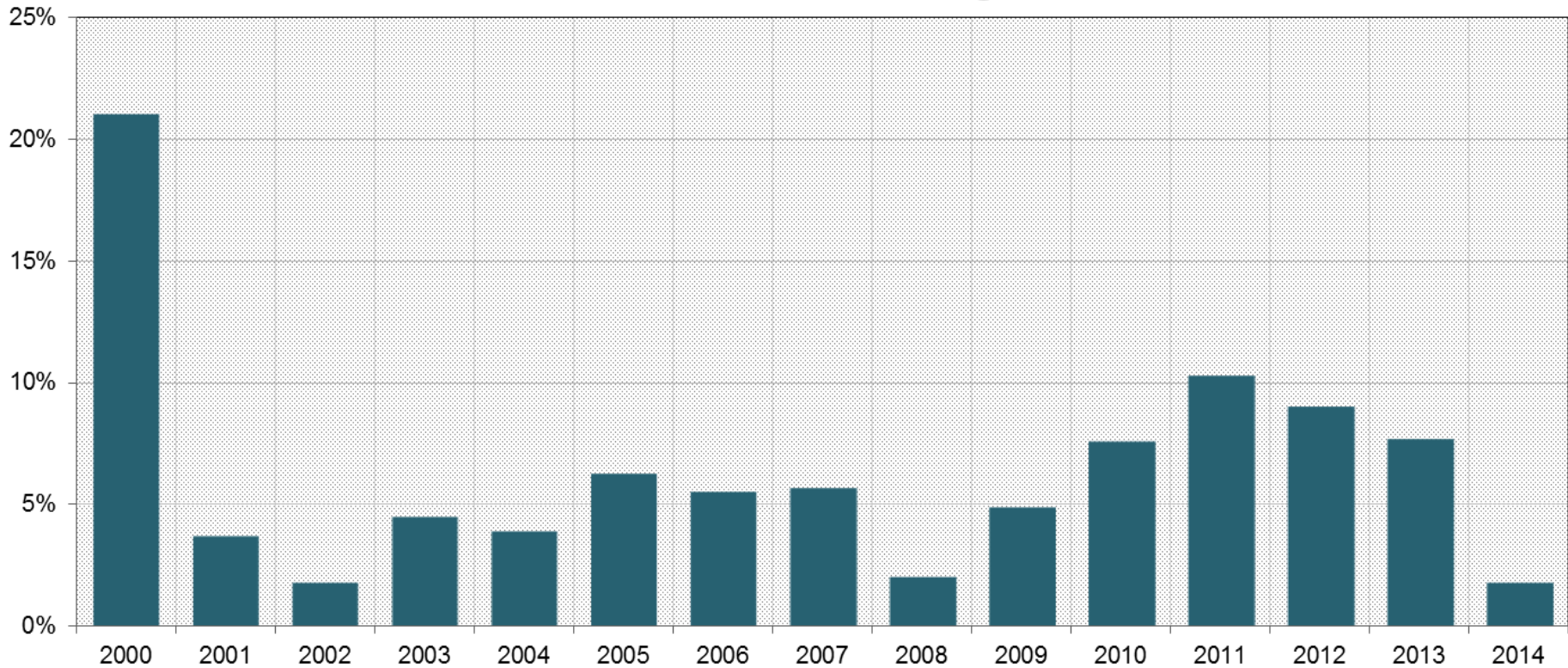
Base: U.S. respondents currently using predictive modeling for at least one line of business in 2014 (n = 46) and 2013 (n = 48).

Stock Market vs Large Losses

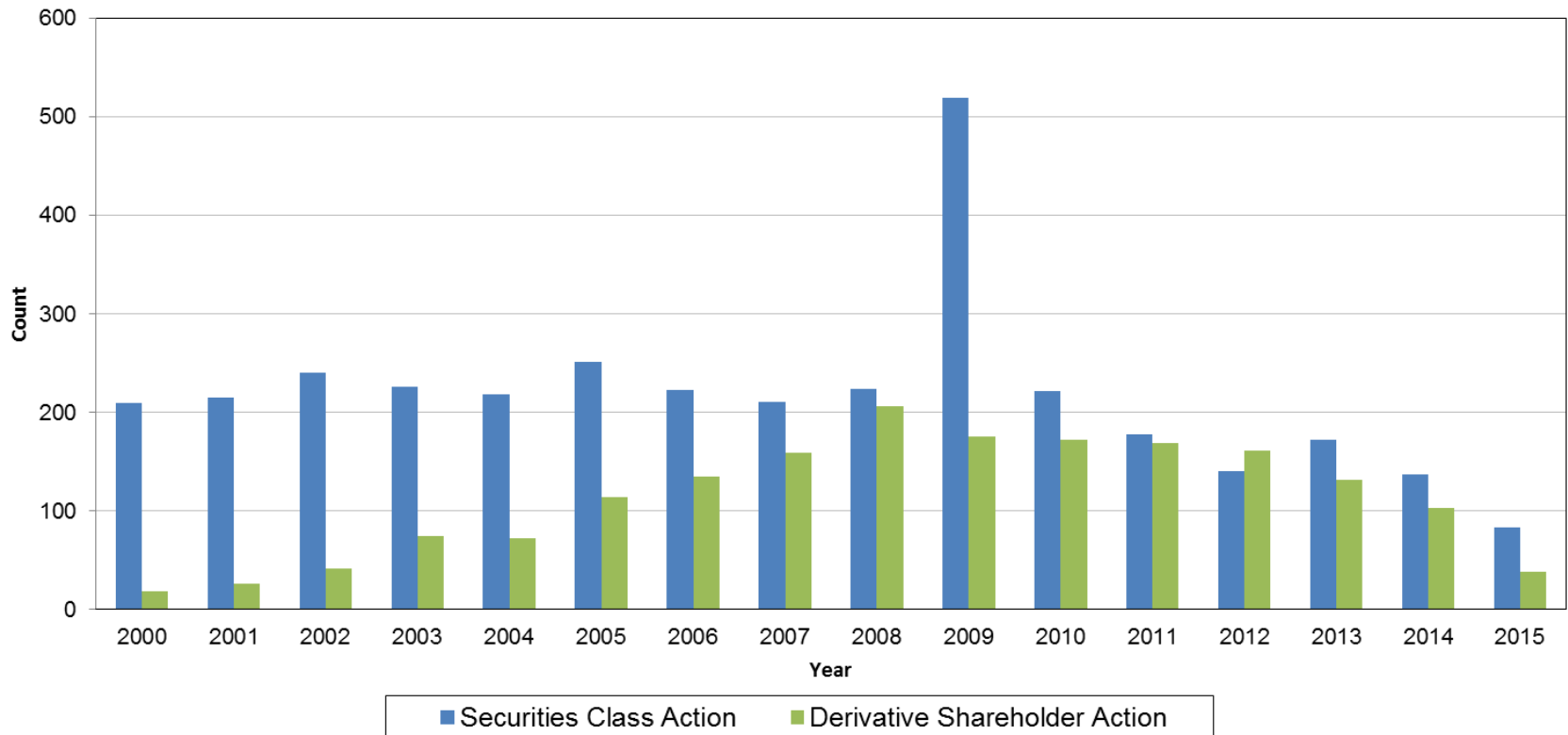


Frequency of Litigation

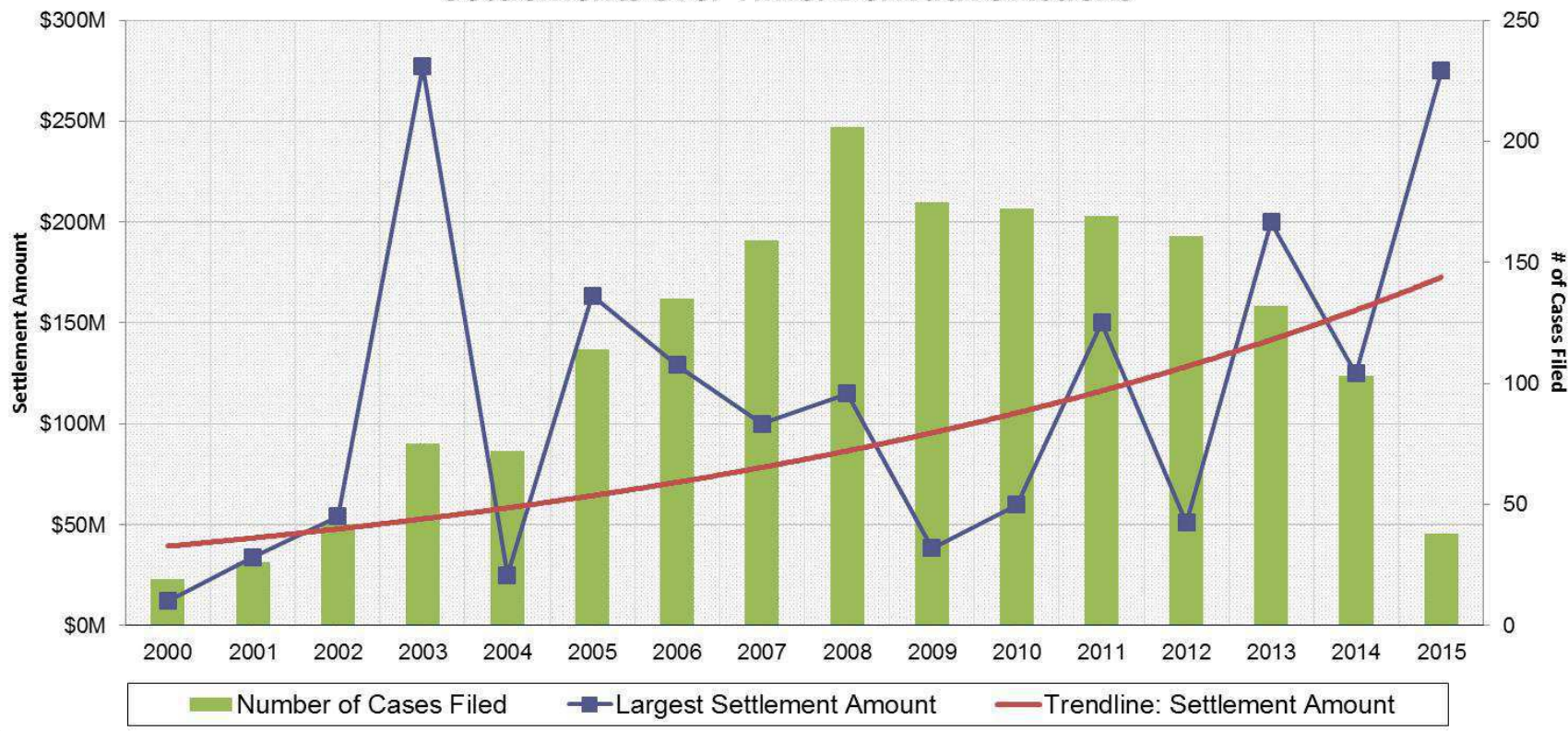
% of IPOs with Follow-on Litigation



Securities Class Action vs. Derivative Shareholder Action



Settlements over Time: Derivative Actions



Thank you to our Panelists



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