



Quarterly D&O Claims Trends: Q2 2017

July 26th, 2017, 11 AM EDT

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● Quarterly D&O Claims Trends: Q2 2017

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D&O Commercial Insurance Group – 8,900 Members

THE D&O DIARY

<http://www.dandodiary.com>

Today's Moderator



Jim Blinn

EVP, Client Solutions
Advisen

Today's Panelists



Richard Edsall

Senior Vice President
Argo Group international Holdings, Ltd.



Kevin LaCroix

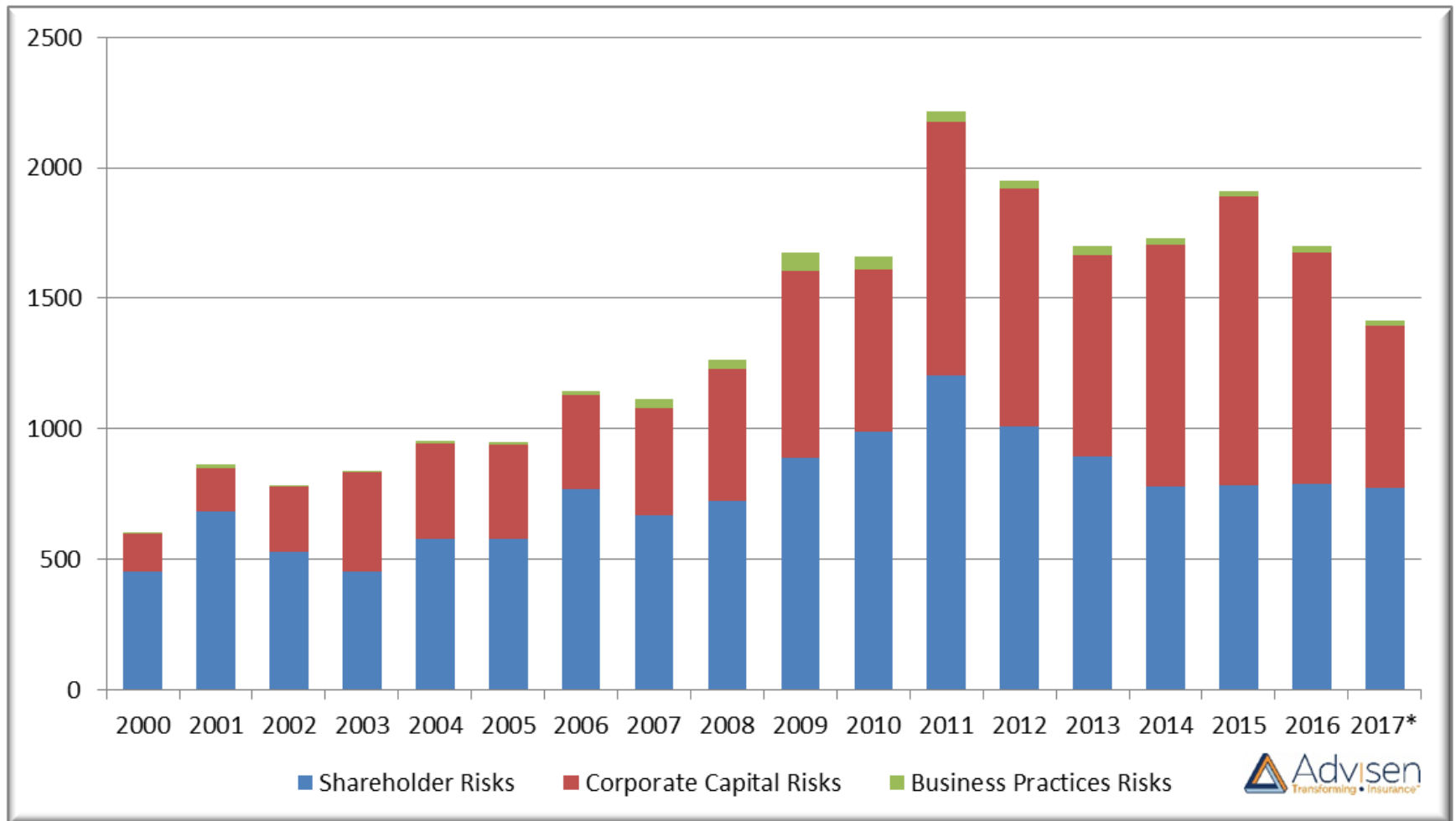
RT ProExec, a division of RT Specialty,
Author of the D&O Diary



Phil Norton

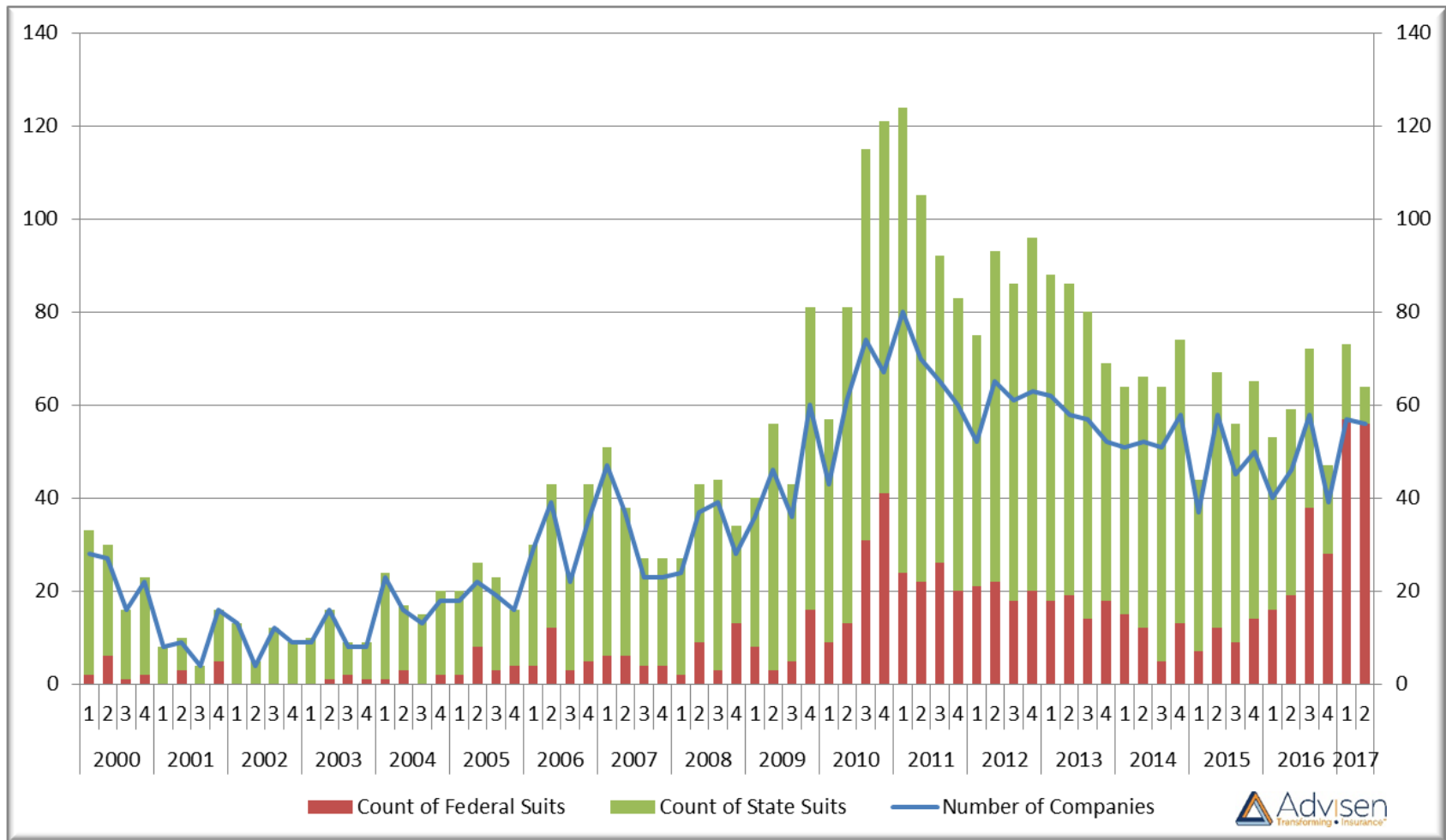
Vice Chairman, Midwest Region,
Arthur J. Gallagher Risk
Management Services

Counts of All Cases

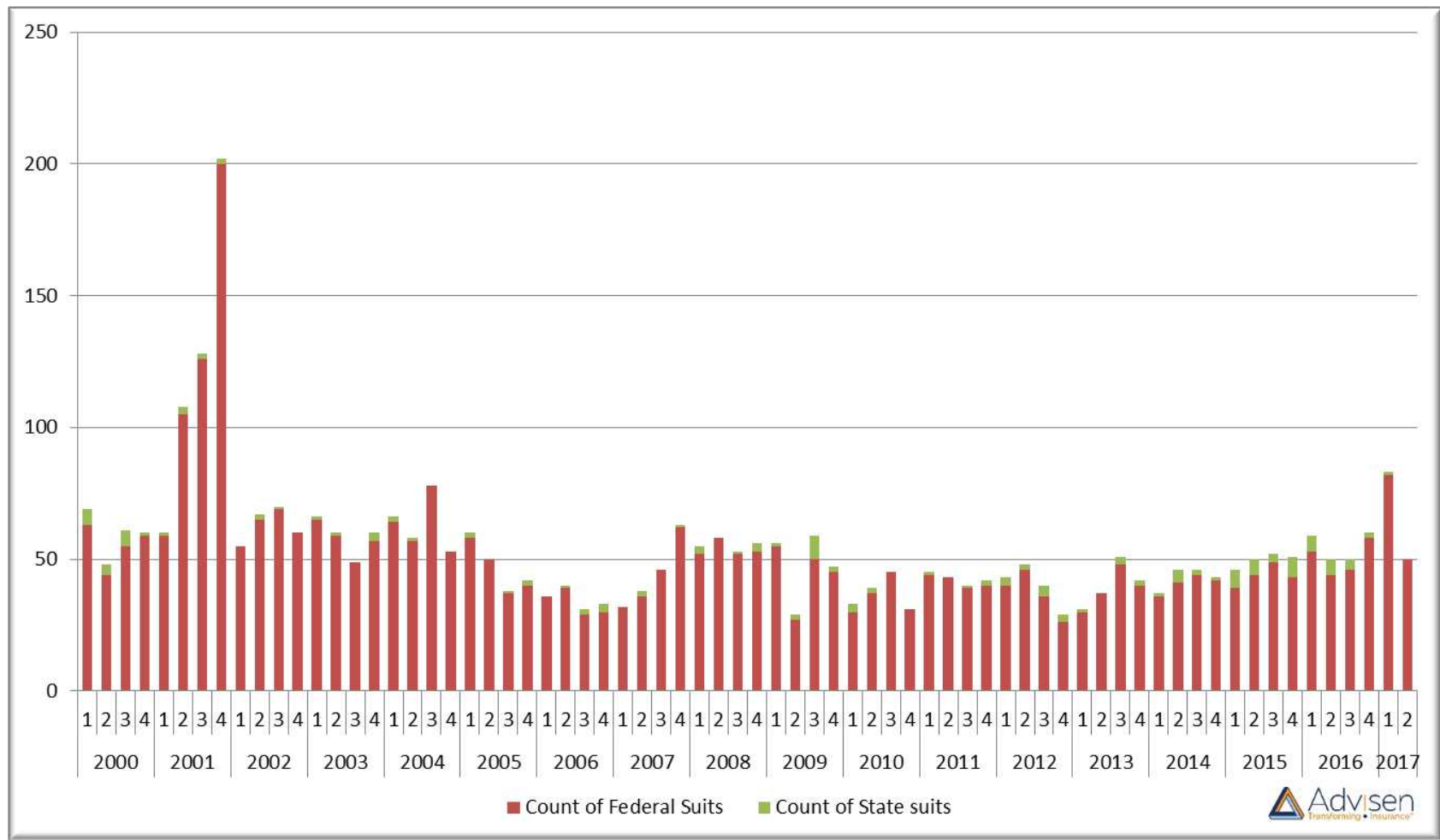


*2017 is annualized

Merger Objection



Securities Class Action



Total Counts

		Federal			State			Grand Total
		Merger			Merger			
Year	Quarter	SCAS	Objection	Total	SCAS	Objection	Total	
2016	Q1	53	16	70	6	37	41	111
	Q2	44	19	64	6	40	46	110
	Q3	46	38	85	4	34	38	123
	Q4	58	28	89	2	19	20	109
2017	Q1	82	57	135	1	16	14	149
	Q2	50	56	106	0	8	8	114

221

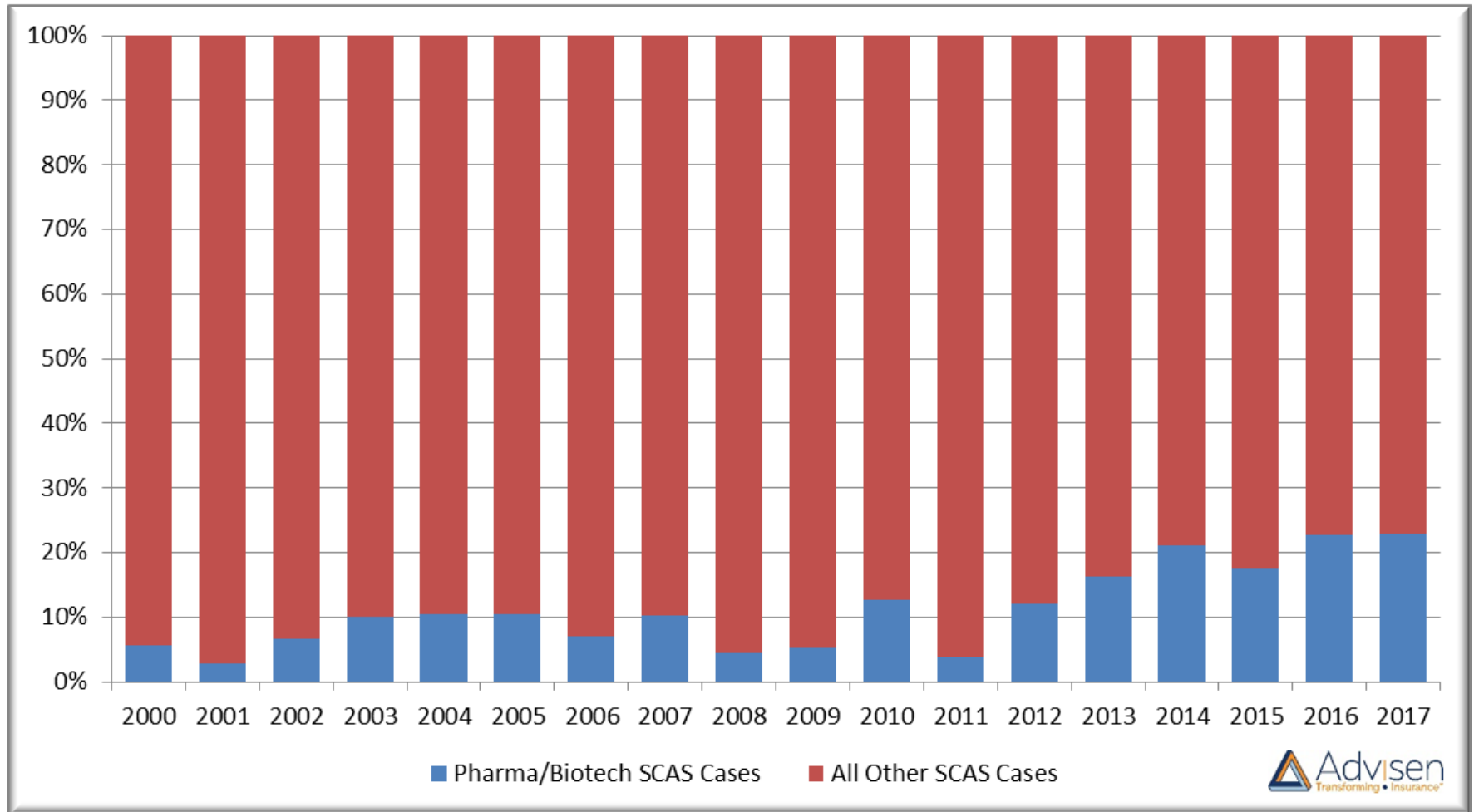
263

- H1 2017 federal suits 80% higher than H1 2016
- Total suits are 20% higher

● Biotech & Pharma

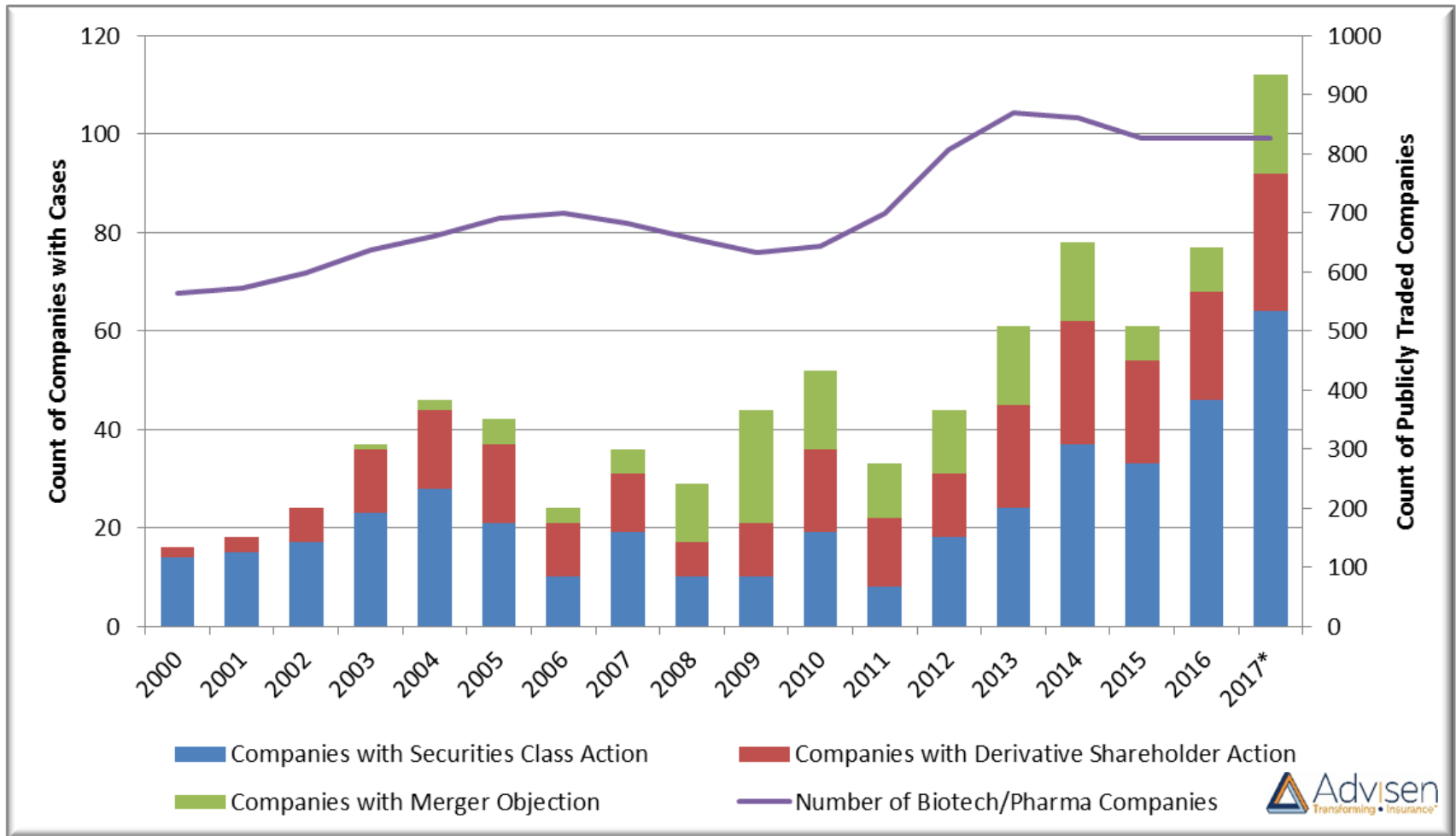
- NAICS Codes:
 - Research and Development in Biotechnology (541711)
 - Pharmaceutical and Medicine Manufacturing (3254XX)

● Biotech & Pharma – Share of SCAS



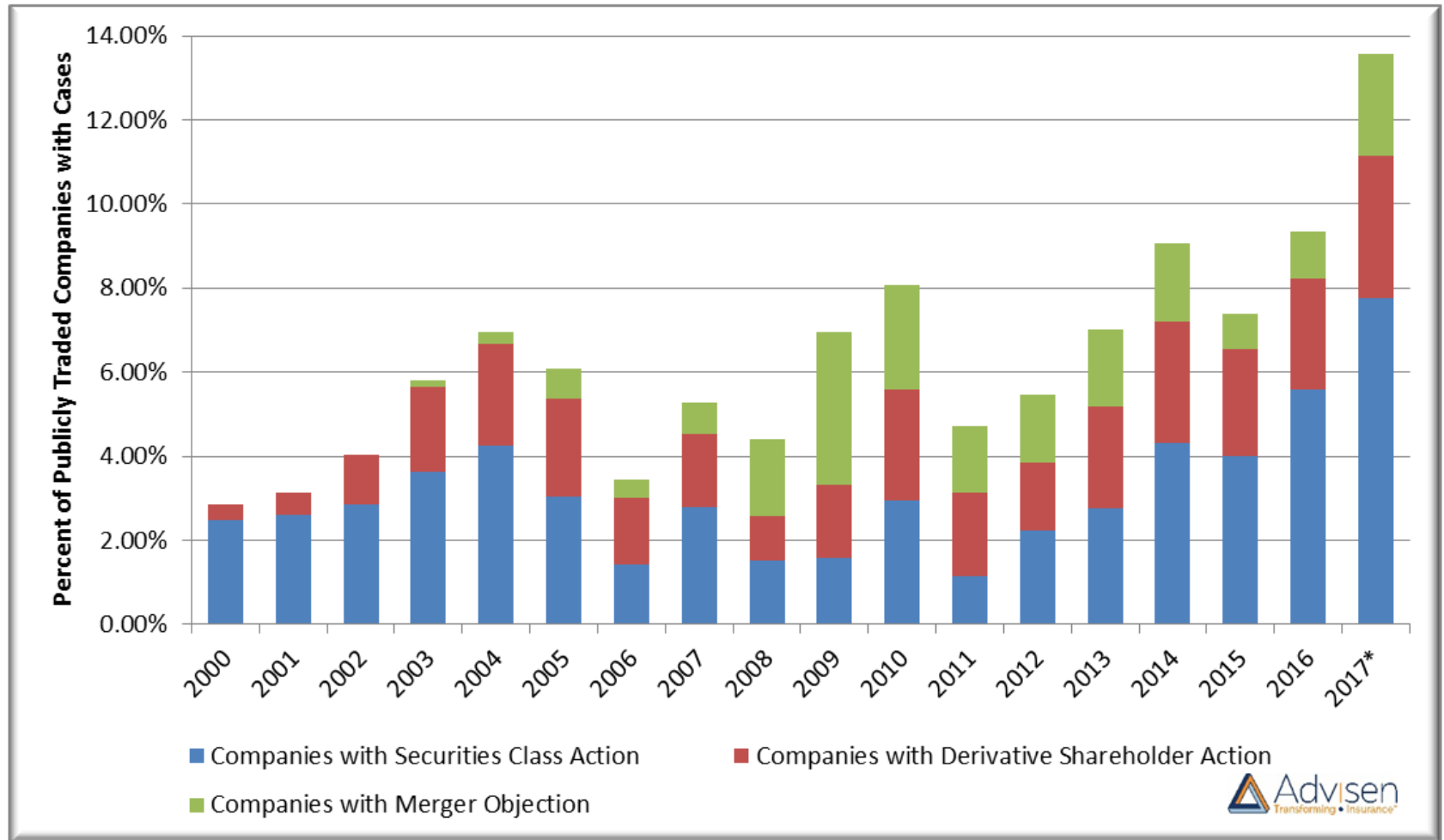
*2017 is annualized

Biotech & Pharma – Case Count



*2017 is annualized

Biotech & Pharma – % of Companies



*2017 is annualized.

Focus on Merger Objection

Year	Quarter	Federal			State			Grand Total
		SCAS	Merger Objection	Total	SCAS	Merger Objection	Total	
2016	Q1	53	16	70	6	37	41	111
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221

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2016 State Merger Objection

State	Case Count	State	Case Count
Delaware	41	Arizona	2
California	15	Indiana	2
Florida	7	Massachusetts	2
Maryland	7	Texas	2
New Jersey	7	Nevada	2
Illinois	6	Kansas	2
New York	5	Wisconsin	2
Michigan	4	Oregon	2
Missouri	4	Tennessee	1
North Carolina	4	Minnesota	1
Colorado	3	West Virginia	1
Pennsylvania	2	South Carolina	1
Ohio	2	Washington	1
Utah	2		

*130 Total Cases

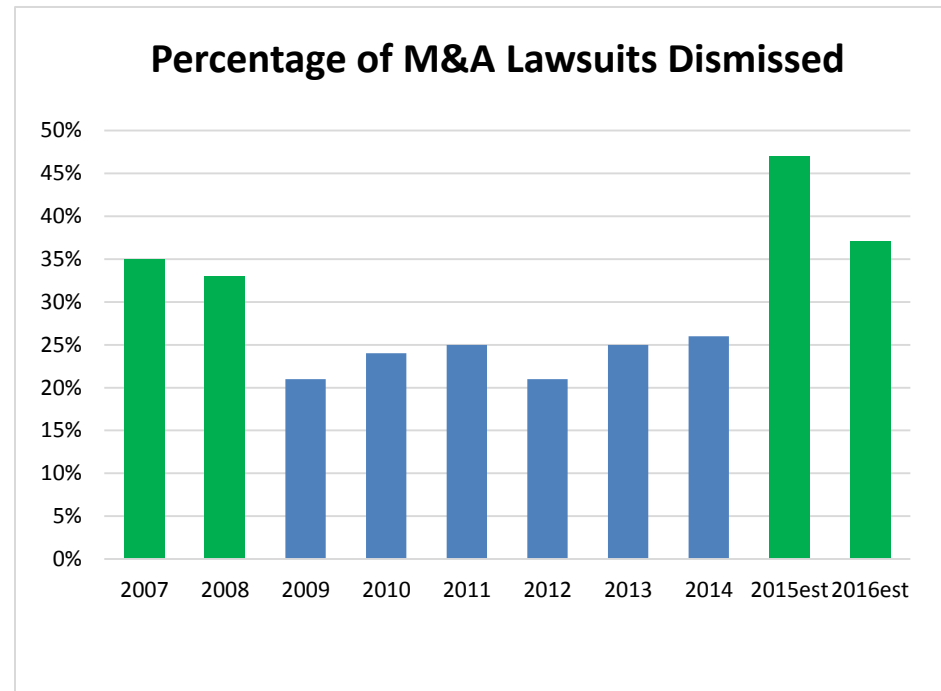
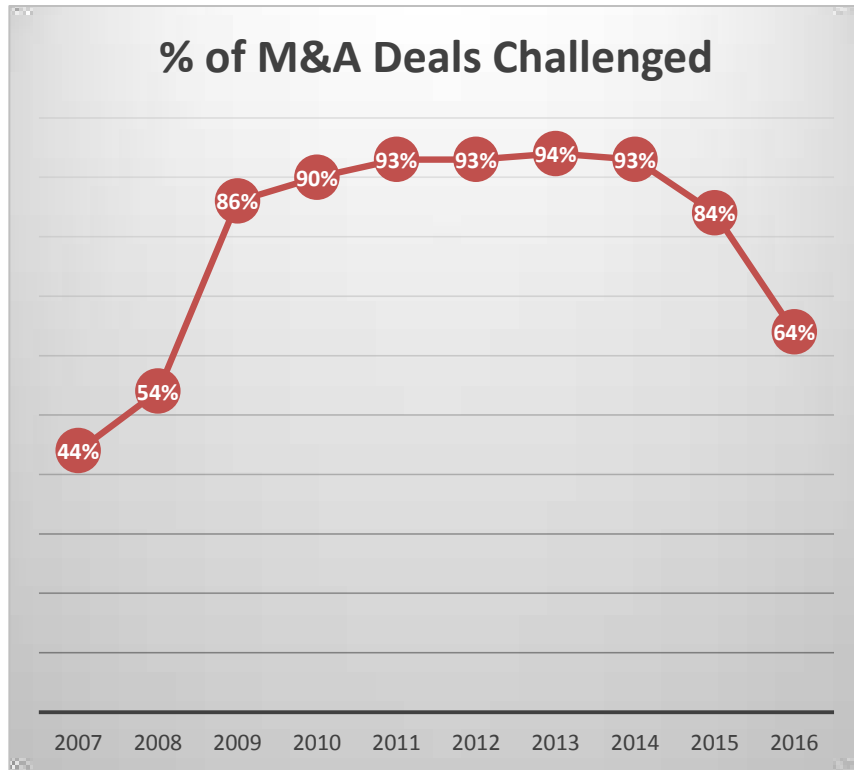
2017 Federal Merger Objection

District	Case Count	District	Case Count
Delaware District Court	21	Illinois Northern District Court	1
California Northern District Court	11	New York Eastern District Court	1
Massachusetts District Court	6	Tennessee Middle District Court	1
Minnesota District Court	6	Northern District, San Jose	1
California Central District Court	5	Eastern District of Michigan, Southern Division	1
Colorado District Court	5	Washington Western District Court	1
New York Southern District Court	5	District of Columbia District Court	1
New Jersey District Court	3	U.S. District Court, Boston	1
Pennsylvania Eastern District Court	3	Kentucky Eastern District Court	1
North Carolina Middle District Court	3	Eastern District of Pennsylvania, Allentown	1
Maryland District Court	3	Arizona District Court	1
District of Delaware, Wilmington	3	Oklahoma Western District Court	1
Missouri Eastern District Court	3	Louisiana Middle District Court	1
Virginia Eastern District Court	3	Indiana Southern District Court	1
South Carolina District Court	2	Georgia Northern District Court	1
Texas Southern District Court	2	Michigan Eastern District Court	1
Texas Northern District Court	2	Oklahoma Northern District Court	1
Nebraska District Court	2	North Carolina Western District Court	1
Texas Western District Court	2	Wisconsin Western District Court	1
Oregon District Court	2	Ohio Northern District Court	1
Connecticut District Court	2	Ohio Southern District Court	1

*113 Total Cases

D&O Claim Trends

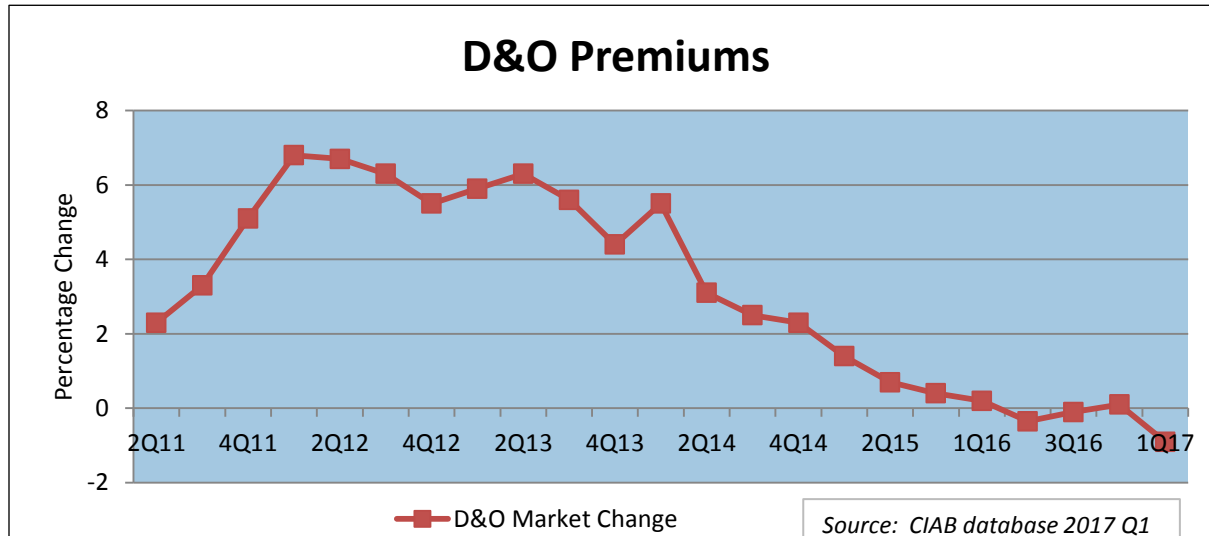
Merger Objection News is Good ...



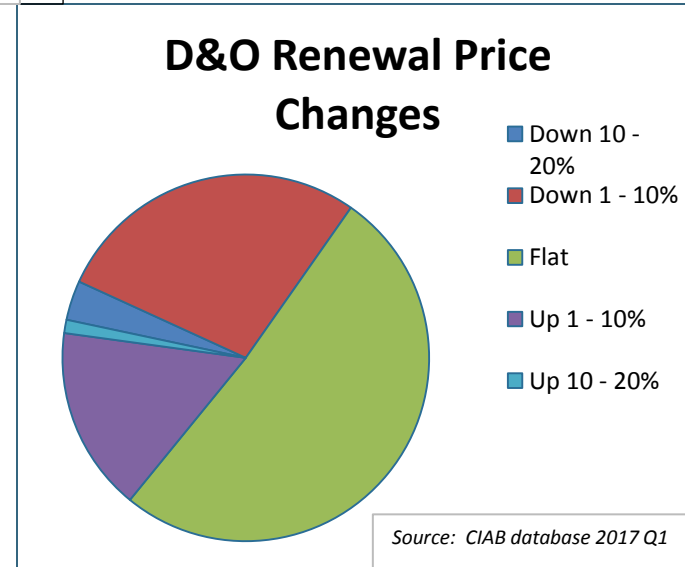
Petrobras Optouts

Plaintiff	Plaintiff Law Firm
Ohio Public Employees Retirement System	Kaplan Fox & Kilsheimer LLP
Al Shams Investments Limited	Quinn Emanuel Urquhart & Sullivan, LLP
Aberdeen Funds	Kessler Topaz Meltzer & Check, LLP
Janus Funds	Lieff Cabraser Heimann & Bernstein, LLP
Dodge & Cox Funds	Lieff Cabraser Heimann & Bernstein, LLP
Vanguard Funds	Klehr Harrison Harvey Branzburg LLP Boies, Schiller & Flexner LLP
Allianz/PIMCO	Quinn Emanuel Urquhart & Sullivan, LLP

Are D&O Pricing Trends Unaffected by Claims?



- *Overall rates have stabilized with public D&O seeing decreases depending on the expiring rate on line and whether or not the account is aggressively marketed.*
- *Excess markets remain very competitive*
- *New market entrants continue to expand both in capabilities and appetite*



Sample Event-Driven SCAS Cases

Company	Year	Event	Loss
Merck & Co.	2003	Vioxx	\$1,062M
Massey Energy	2010	Safety Violations	\$265M
BP PLC	2010	Deepwater Horizon	\$175M
Avon Products	2011	FCPA	\$62M
Lumber Liquidators	2013	Laminate Flooring	\$42M
Toyota Motor Car	2013	Unintended Acceleration	\$25M
Barclays PLC	2011	LIBOR	\$14M

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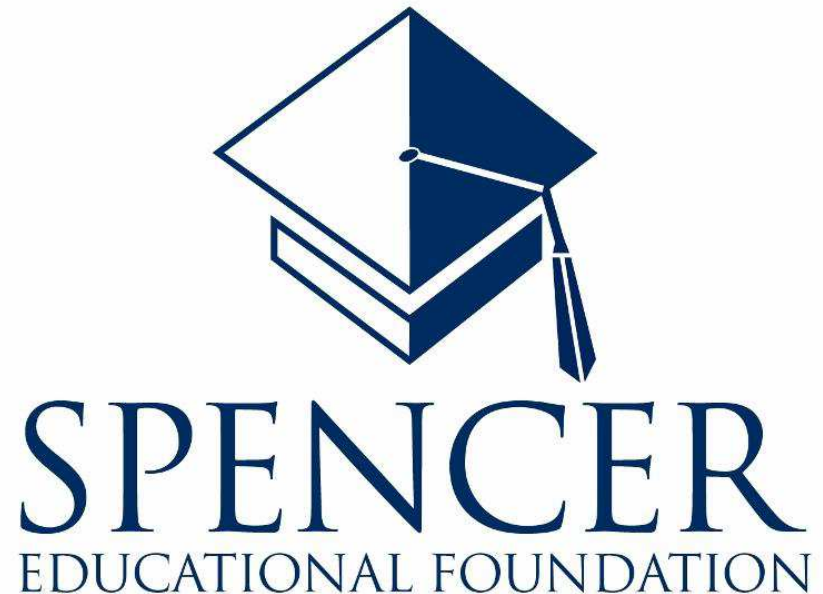
Quarterly D&O Claims Trends: Q3 2017

Wednesday, October 11, 2017
at 11 am Eastern

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