



***Quarterly D&O Claim Trends:  
End of Year Wrap-Up***

# ABOUT ADVISEN

*Advisen Ltd. is a privately-owned, independent and unbiased provider of news, data and risk analytics to the commercial insurance industry.*

**Advisen's mission is to deliver productivity and insight to insurance professionals. Advisen brings greater success through technology and data, revolutionizing the way the commercial insurance industry functions. Our customers leverage the Advisen platform, adding power to their proprietary ability and bringing value to their clients.**

Please locate us on: [www.advisen.com](http://www.advisen.com)

# Quarterly D&O Claim Trends: End of Year Wrap-Up

<http://corner.advisen.com>

- **White Paper**
- Copy of these **slides**
- **Recording** of today's webinar
- **D&O lawsuits** (Advisen MSCAd large loss database)
- **Front Page News - Management Liability:**

[http://corner.advisen.com/insurance\\_news\\_subscribe\\_FPN.html](http://corner.advisen.com/insurance_news_subscribe_FPN.html)

**Linked in**® D&O Commercial Insurance Group – 6,856 Members

**THE D&O DIARY** <http://www.dandodiary.com>

# TODAY'S MODERATOR



**Jim Blinn**

Executive Vice President and Principal  
Advisen Ltd.

# New Case Classification System

Old Category	Old Type	New Category	New Type
Securities	Books & Records Violations	Corporate Capital Risks	Books & Records Violations
Securities	Breach of Fiduciary Duties: Class Action	Shareholder Risks	Merger Objection
Securities	Breach of Fiduciary Duties: Securities	Shareholder Risks	Breach of Fiduciary Duties: Securities
Securities	Collective Action	Shareholder Risks	Collective Action
Securities	Creditor Derivative	Shareholder Risks	Creditor Derivative
Securities	Derivative Action	Corporate Capital Risks	Derivative Action
Securities	Derivative Shareholder Action	Shareholder Risks	Derivative Shareholder Action
Securities	Proxies and Solicitation Violations	Corporate Capital Risks	Proxies and Solicitation Violations
Securities	Securities Class Action	Shareholder Risks	Securities Class Action
Securities	Securities Fraud	Shareholder Risks	Securities Individual Actions
Securities	Securities Fraud	Corporate Capital Risks	Capital Regulatory Actions

# Key Findings

- Total filings and new enforcement actions were down 20 percent in 2013
  - From 1,677 in 2012 to 1,344 in 2013
- Although down, the aggregate still exceeds the totals from prior to 2009 and the 10 year historical average of 1,285 events
- Securities class actions were the only major case type to experience an increase in new filings
  - 178 filings in 2012 to 180 in 2013
- Percentagewise, shareholder derivative suits experienced the largest drop in new filings falling 30 percent between 2012 & 2013
  - Breach of fiduciary duties dropped 29 percent
  - Securities individual actions 26 percent
  - Capital regulatory actions 24 percent, &
  - Merger objection suits 11 percent

# Key Findings

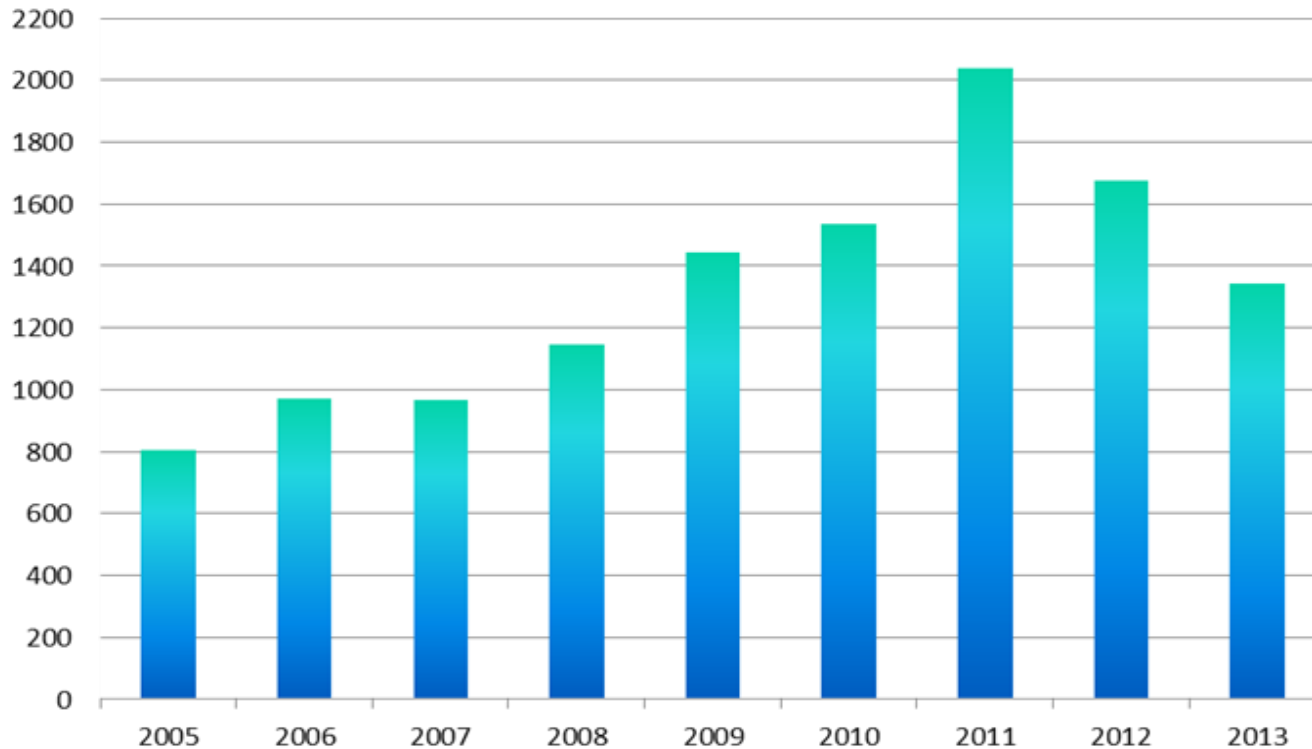
- SCA suits ticked upward for a second consecutive year as a percentage of total events
- The number of Merger objection cases continued to decline for the second consecutive year
- Capital regulatory actions were the leading type of new securities filing in in 2013
  - Capital regulatory actions include a majority of cases that were formerly classified as securities fraud
- Financial services sector remained leading target for new filings
- The total number of settlements were down, but average settlement value was up
- SCA settlements remained most significant source of large losses with average settlement of \$82 million for the year, up from \$33 million in 2012

# Looking Ahead: 2014

- If and how will the Supreme Court case *Halliburton Co. v Erica P. John Fund, Inc.* change the “fraud on the market” doctrine
- Will Robocop and whistle blower awards result in increased SEC investigations and enforcement actions
- Will strong capital markets drive more M&A’s and therefore more merger objection suits
- Will higher expectations increase motivation for fraud
- Will a strong stock market drive IPO’s and in turn more disclosure suits
- Will improving economic conditions result in fewer bankruptcies and related suits
- Will cyber events drive more SCA and shareholder derivative suits

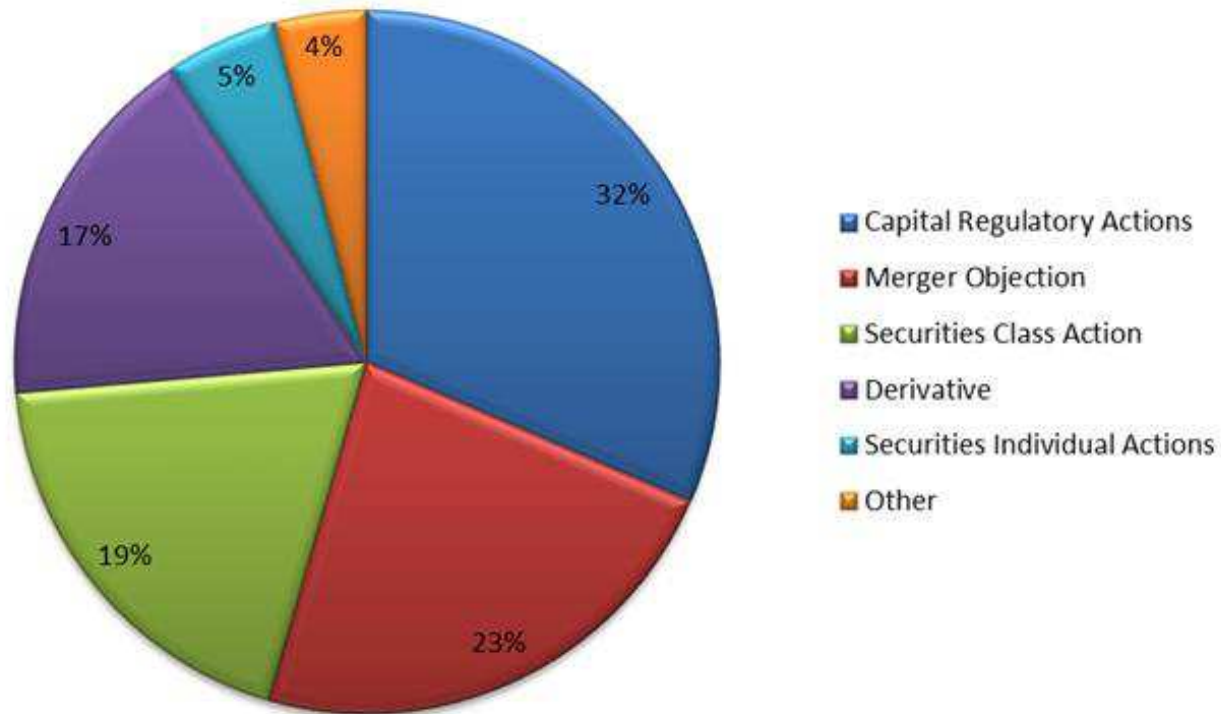


# Filings and Enforcement Actions



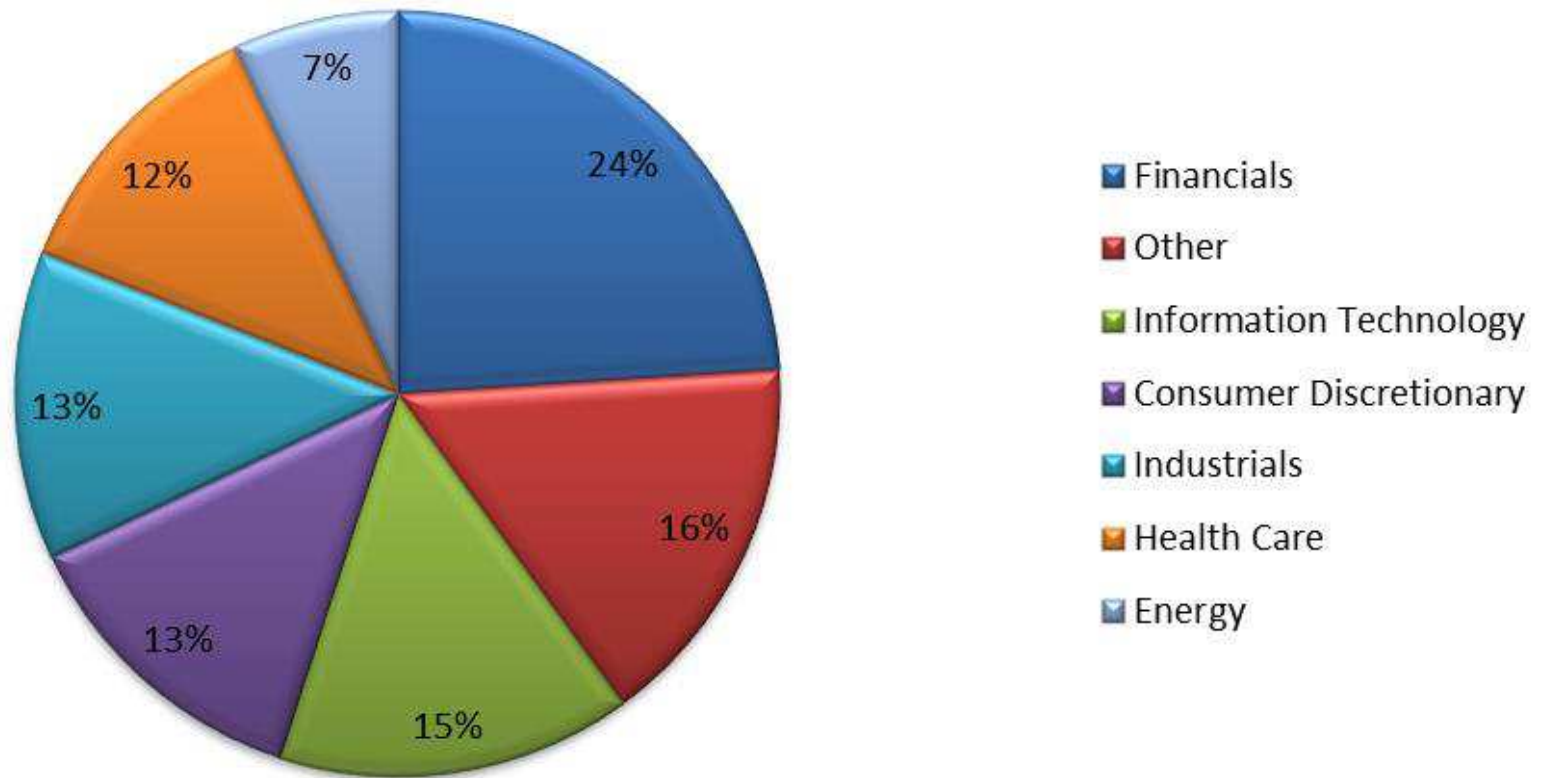
Source: Advisen MSCAd™

# Suits by Type



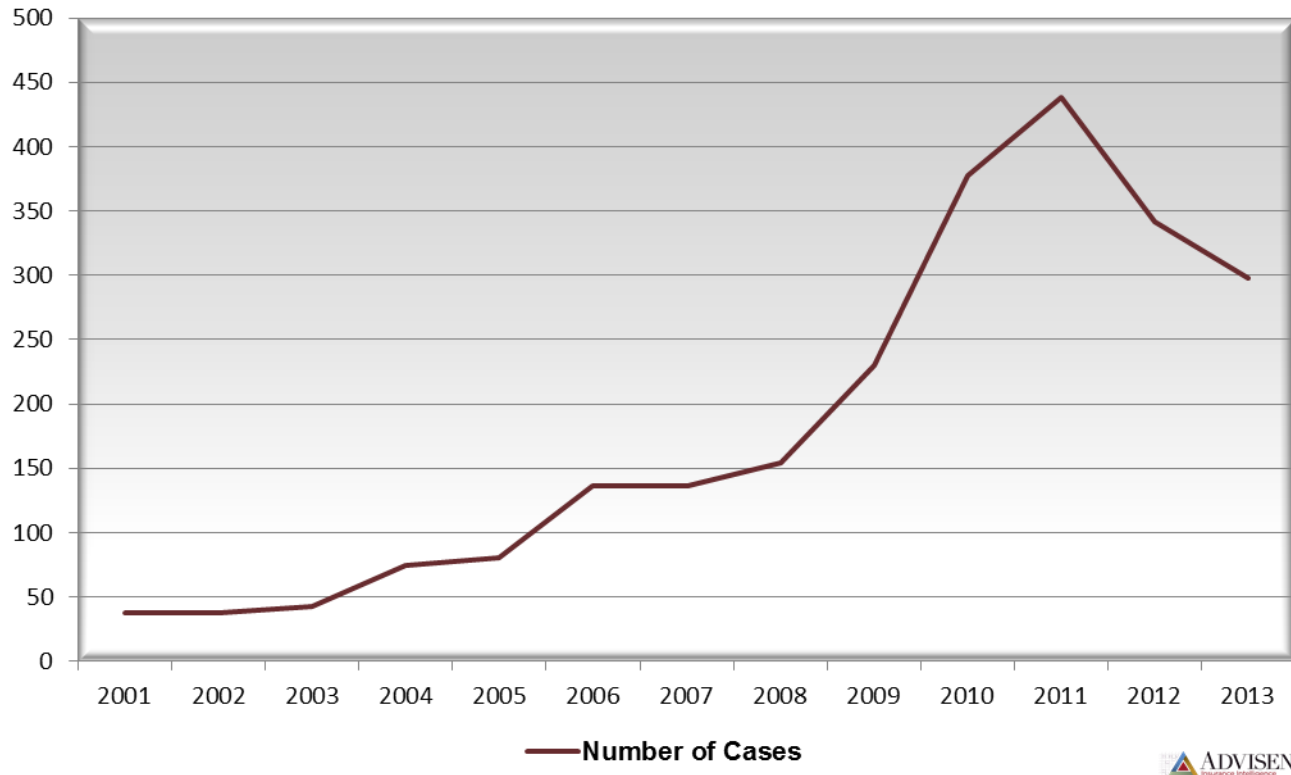
Source: Advisen MSCAd™

# Suits by Sector



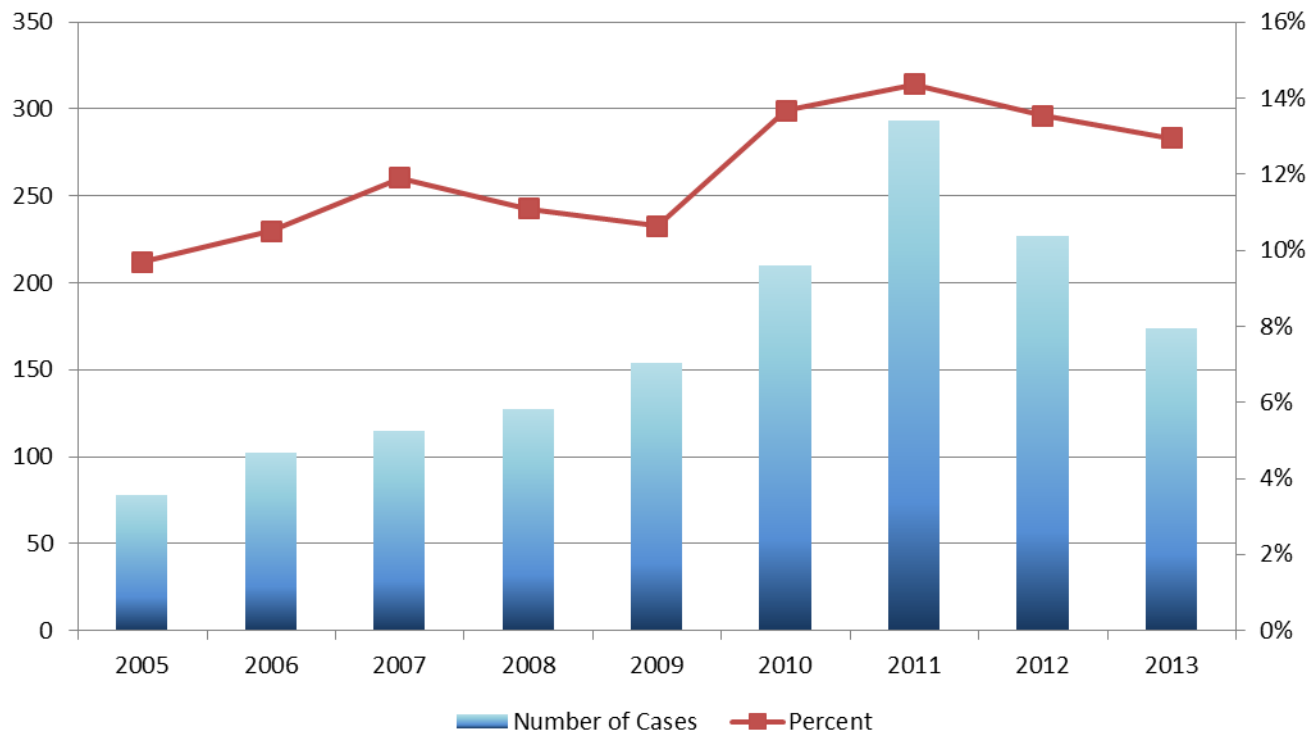
Source: Advisen MSCAd™

# Merger Objection Cases Annualized



Source: Advisen MSCAd™

# Non-US Companies



Source: Advisen MSCAd™

# TODAY'S PANELISTS



**Kevin LaCroix**

Executive Vice President,  
RT ProExec, a division of RT Specialty



**Jack Flug**

Managing Director  
Marsh FINPRO



**Dennis Kearns**

Senior Vice President, Executive Underwriter and  
Technical Advisor  
QBE

# MANY THANKS TO OUR PANELISTS



**Kevin LaCroix**

Executive Vice President,  
RT ProExec, a division of RT Specialty



**Jack Flug**

Managing Director  
Marsh FINPRO



**Dennis Kearns**

Senior Vice President, Executive Underwriter and  
Technical Advisor  
QBE

# Quarterly D&O Claim Trends: End of Year Wrap-Up

<http://corner.advisen.com>

- **White Paper**
- Copy of these **slides**
- **Recording** of today's webinar
- **D&O lawsuits** (Advisen MSCAd large loss database)
- **Front Page News - Management Liability:**

[http://corner.advisen.com/insurance\\_news\\_subscribe\\_FPN.html](http://corner.advisen.com/insurance_news_subscribe_FPN.html)

**Linked in**® D&O Commercial Insurance Group – 6,856 Members

**THE D&O DIARY** <http://www.dandodiary.com>



# UPCOMING ADVISEN WEBINARS

Visit [http://corner.advisen.com/advisen\\_webinars.html](http://corner.advisen.com/advisen_webinars.html) for the 2014 Webinar Schedule

## **The Liability Implications of Healthcare Reform**

Thursday, February 13, 2014 at 11am EST

<https://www1.gotomeeting.com/register/620638929>

# UPCOMING ADVISEN CONFERENCES

Visit [http://corner.advisen.com/advisen\\_conference.html](http://corner.advisen.com/advisen_conference.html) for the 2014  
Conference Schedule



**Thursday, March 27 in New York City**

<http://events.Signup4.com/AdvisenCasualtyInsights2014>

---



**Tuesday, September 23 in New York City**

<http://events.SignUp4.com/AdvisenManagementLiability2014>

# How to reach us:

**Advisen Ltd.**

[www.advisen.com](http://www.advisen.com)

Voice: +1.212.897.4800

[advisenevents@advisen.com](mailto:advisenevents@advisen.com)