



Directors & Officers Liability / Financial Lines

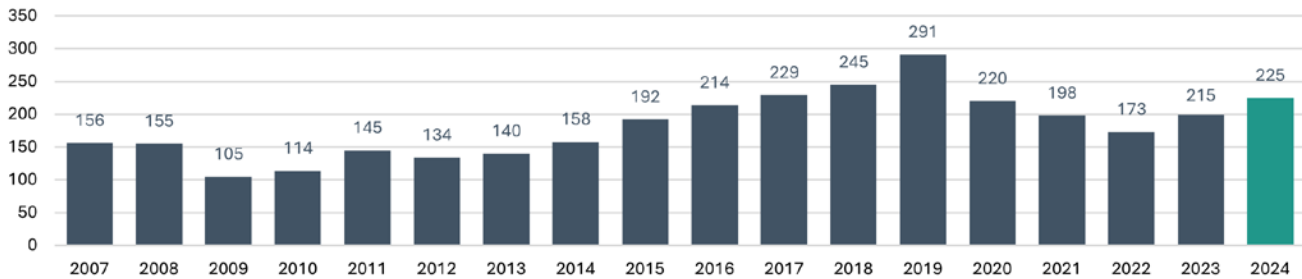
# Q1 2025 Market Update & Outlook

## 2024 Claims Update

### Securities Class Action Filing Update

#### Securities Class Action Claims Trends

*Does not include M&A Objection Suits*



There were 225 total securities class action filings including 220 core (non-merger related) securities class action filings in 2024, a 5% increase from 2023's 209.

#### Going Up

Filings related to Artificial Intelligence (which have a lower dismissal rate) and COVID-19 (which have a higher dismissal rate)

Filings in the Consumer Non-Cyclical (Biotechnology) and Technology (AI) industry

Likelihood a US Exchange listed company is subject to a core filing, 3.9% in 2024 up from 3.2% in 2023.

#### Going Down

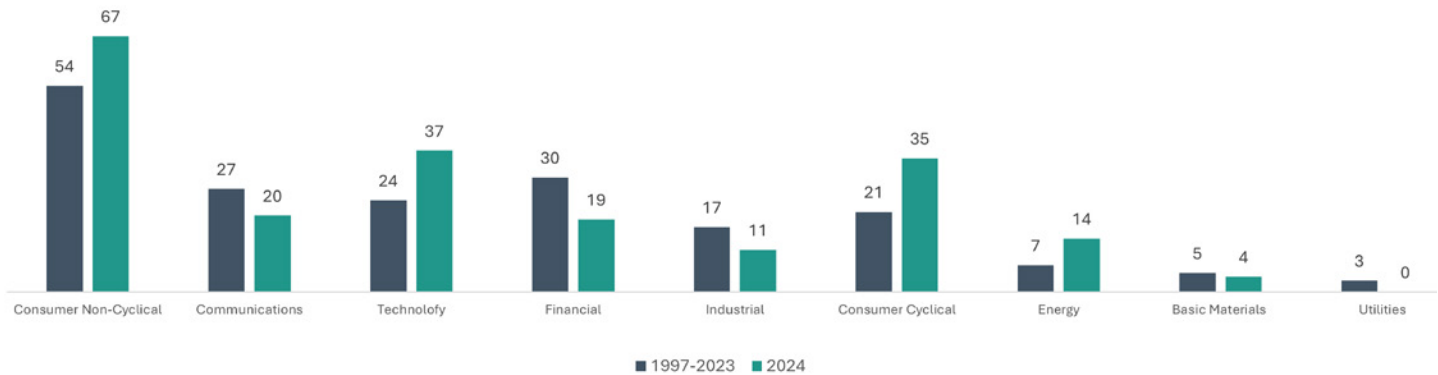
Filings related to federal & state 1933 Act, SPACs, cybersecurity, and cryptocurrency

Filings in the Financial and Industrial Industries

Number of days between IPO and securities class action filings: 371 down from 508

**Top Securities Class Action Allegations in 2024:** Rule 10b-5 claims, Misrepresentations in Financial Documents, False Forward-Looking Statements, Accounting Violations, Announced Internal Control Weaknesses.

## SCA Filings by Industry (Core Filings Only)



## Securities Class Action Settlement Update

According to ISS Securities Class Action Services, there were 136 U.S. securities class action settlement approvals in 2024 that totaled \$4.7 billion.

	Number of Settlements	Dollar Value of Settlements	Average Settlement Value	Average Lifecycle
<b>2024 Figures</b>	136	\$4.7B	\$34.8MM	3.7 Years
<b>% change from 2023</b>	7% increase from 2023	18% decrease from 2023	26% decrease from 2023	3% quicker than 2023

## Top Four Securities Class Action Settlements

01

**APPLE - \$490 MILLION**  
(#34 OF TOP 100 SCA SETTLEMENTS)

The settlement resolves allegations that the company misrepresented the strength of business conditions in China when Apple knew that there was a deceleration in the Chinese business market.

03

**ALPHABET - \$350 MILLION**  
(#56 OF TOP 100 SCA SETTLEMENTS)

The settlement resolves allegations that the company concealed from investors that Google had discovered a security glitch in its Google+ social network that left users exposed to third party developers.

02

**UNDER ARMOUR - \$434 MILLION**  
(#47 OF TOP 100 SCA SETTLEMENTS)

The settlement resolves allegations that the company overstated demand for its brand leading the market to believe Under Armour's streak of high annual compound growth would continue.

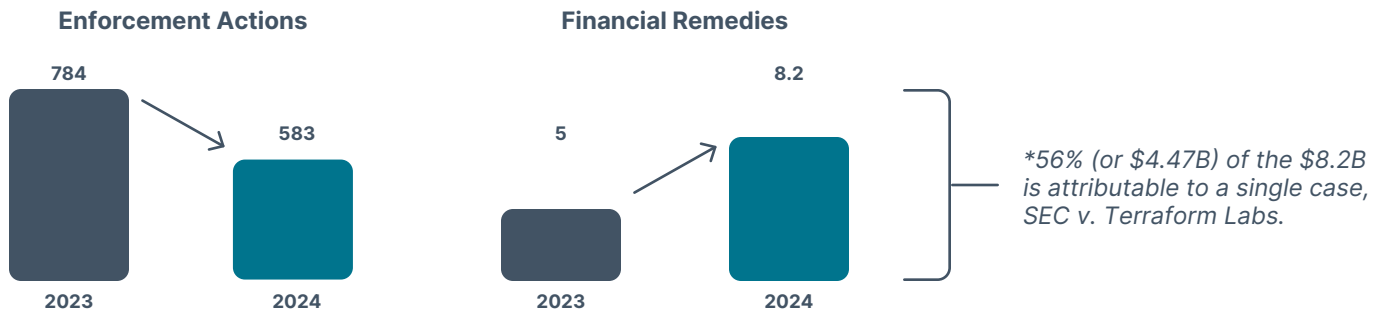
04

**UBER - \$200 MILLION**  
(#98 OF TOP 100 SCA SETTLEMENTS)

The settlement resolves allegations that the IPO documents were false and misleading because they failed to disclose that Uber had skirted laws to operate in various jurisdictions, information about passenger safety, and increasing losses with a plan to cut costs post IPO through layoffs.

# Enforcement Action Update

SEC FY2024 Enforcement Activity Down but Financial Remedies Up



- \$345 million returned to harmed investors
- 45,130 TCRs (tips, complaints and referrals) in 2024, the most ever in one year
- 24,000 whistleblower tips, **more than 14,000 of which were submitted by two individuals**
- Actions against public companies and their subsidiaries:
  - 80 actions against public companies and their subsidiaries, 12% decline from previous year but up 5% from historical average
  - 75% of defendants in settled actions cooperated, highest since 2019
  - \$784 million in civil penalties imposed
  - Average monetary settlement: \$19.8 million, up from \$15 million
  - 34 defendants had admissions of guilt in FY 2024, a doubling 2023's 16 admissions

## Key Legal Developments in Management Liability

01

### BUMP-UP EXCLUSION FOURTH CIRCUIT CASE

The court will decide whether a \$90M shareholder lawsuit settlement related to the 2016 Willis Group–Towers Watson merger triggers the common D&O “**bump-up exclusion**,” which applies to settlements increasing the transaction value.

03

### CYBER EXPENSE COVERAGE SOUTHWEST AIRLINES CASE

A Texas court is set to clarify **when cyber-related business expenses qualify for coverage**, with a \$35M remediation cost dispute going to trial on March 4.

02

### INTERRELATED CLAIMS BENEFYTT TECHNOLOGIES CASE

A Delaware court ruled that “**interrelated**” claims must **share numerous logically connected facts**, rather than just a loose connection, impacting how D&O policies handle related lawsuits.

04

### EXCESS POLICY COVERAGE PATTERSON UTI ENERGY CASE

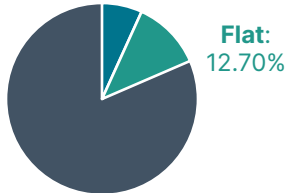
A dispute over **whether excess insurance follows the primary policy's terms** highlights the need to scrutinize policy language, particularly for defense cost coverage.

# YE 2024 D&O Program Statistics

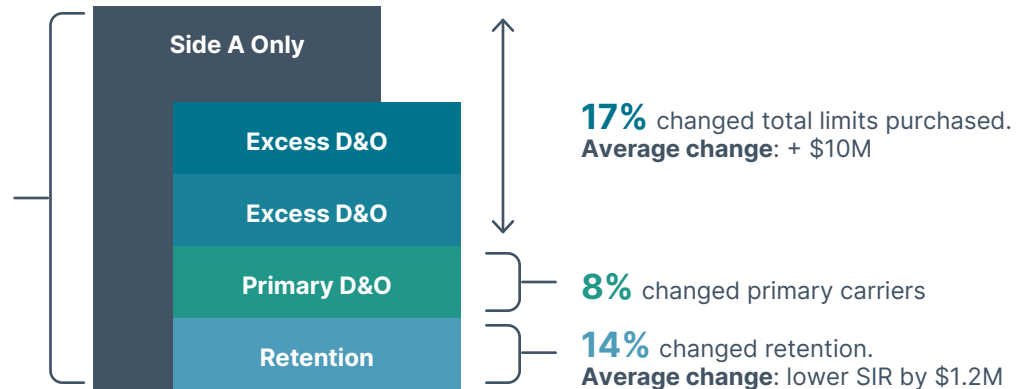
Based on public company CAC clients

## Total Program Premium Result YE 2024

Increase: 6.30%



Decreased: 80.10%



## CARRIER CATCH UP

- More capacity is leaving the market / finding new homes when compared to capacity entering the market.
  - **Leaving:** Argo Group decided to exit the professional liability sector in January 2025 transferring their renewals instead to Core Specialty and Westfield Specialty.
  - **Moving:** Markel Group announced that to streamline its US professional liability products, the access point for all will be led by Markel's Bermuda Professional Liability team.
  - **Entering:** Mitsui Sumitomo Insurance Group (MSIG) moved into the marketplace in 2024 and has ambitions to grow their US Commercial and Financial Lines products across various industries.
- Underwriter movement within the market continues to occur reenergizing and reshuffling books of businesses.

## 2025 AND BEYOND

The D&O market remains stable for 2025, with renewals averaging single digit decreases or flat due to ample capacity despite steady claims and less capacity.

Post-IPO companies may see larger rate decreases than established companies. Custom coverage options are available, though Compensation Clawback coverage remains limited. Retention levels hold steady at \$2.5M for companies under \$10B market cap, helping insurers avoid nuisance claims.

CAC expects the excess D&O layers to experience the most premium pressure in 2025 and will continue to evaluate premium changes on the excess.

## TAKE THE NEXT STEP:

If you have any questions, please reach out to your local CAC specialist or visit our website at: [www.cacgroup.com](http://www.cacgroup.com).

## Sources:

- Securities Class Action Filings, 2024 Year in Review. Cornerstone Research. January 29, 2025
- The Top 100 U.S. Class Action Settlements of All-Time. ISS Securities Class Action Services. As of December 31, 2024
- SEC Enforcement Activity: Public Company and Subsidiaries, Fiscal Year 2024 Update. Cornerstone Research.
- Fiscal Year 2024 Agency Financial Report. U.S. Securities and Exchange Commission

## About CAC Group

CAC Group is a leading insurance broker and advisor that provides expertise and placement capabilities across the spectrum of insurance and capital markets. The entity comprises CAC Specialty, an industry-leading specialty broker, CAC Agency, a P&C, personal lines and employee benefits broker, and CAC Capital, a structured solutions group that specializes in the convergence of insurance and capital markets. Collectively, CAC Group serves large corporations, small-to-medium enterprises as well as individuals.