

# Private Company Loss Scenarios from Chubb



## Omission Commission

<b>COVERAGE SECTION</b>	<b>Directors &amp; Officers Liability</b>
Cause of action	Misrepresentation
Type of organization	Private
Number of employees	18
Annual revenue	\$50 million

### DESCRIPTION OF EVENT

Certain shareholders purchased stock in ABC Corp. for \$850,000. When the stock's value dropped, the shareholders sued certain directors and officers for allegedly making untrue statements of fact and omitting material facts in connection with the stock sale, including press releases and other information relating to claimed patents, products, experience, prior ownership, employment history, and promises of grants from government agencies. The shareholders claimed damages when they lost most of their investment in the company.

### RESOLUTION

ABC Corp. negotiated a settlement of \$740,000 and paid an additional \$978,000 in defense costs.



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**Could this happen to your organization? Contact your trusted Chubb agent or broker.**

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Loss scenarios are hypothetical in nature and for illustrative purposes only. Whether or not or to what extent a particular loss is covered depends on the facts and circumstances of the loss and the terms, conditions, and endorsements of the policy as issued. It is impossible to state in the abstract whether the policy would necessarily provide coverage in any given situation. Consult your agent, broker, or other expert.

6/2007