

Private Company Loss Scenarios from Chubb



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COVERAGE SECTION	Directors & Officers Liability
Cause of action	Breach of Duty of Care
Type of organization	Private
Number of employees	100
Annual revenue	\$15 million

DESCRIPTION OF EVENT

ABC Co. specialized in liquidating troubled assets, such as computer equipment, inventory, and fixed assets. It sold products to DEF Co. for \$1.6 million. A third company filed suit against ABC over the sale of equipment to DEF. The third company alleged that ABC had already accepted its bid to purchase the products for \$1.45 million, which the plaintiff said had a value of \$10 million.

RESOLUTION

The parties reached a settlement whereby ABC paid \$600,000 to the third company. ABC also paid more than \$320,000 in defense costs.



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

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