



A costly misrepresentation

COVERAGE SECTION	DIRECTORS AND OFFICERS LIABILITY
Claim	Misrepresentation
Company	Privately held
Number of employees	230
Annual revenue	\$55 million
Region	South

DESCRIPTION OF EVENT

An officer of XYZ Corporation held a conversation with a potential investor in which they discussed the future plans for the company, including the launch of new products over the coming six months. Based on this information, the investor committed over \$500,000 to the company.

After a year, the products the investor had anticipated did not appear in the marketplace. During this time period, the value of the original investment declined. The investor sued XYZ and its directors and officers for misrepresentation, seeking over \$10 million in compensatory and punitive damages.

RESOLUTION

Following two years of litigation and \$250,000 in defense costs, the parties finally reached a settlement with the plaintiff for \$335,000.

Loss scenarios are based on actual cases, composites of actual cases, or hypothetical situations. 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.

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