



Agriculture

A minority shareholder invested in an agricultural supply company after reading the board's business plan. The business plan provided a detailed list of steps management intended to take in order to achieve superior financial results. Due to continued in-fighting on the board, a number of steps were never followed, resulting in lower than anticipated profits. The minority shareholder sued for breach of fiduciary duty and misrepresentation. Travelers paid defense expenses in excess of \$150,000 before the case ultimately settled for \$220,000.



Telecom

Two minority shareholders filed suit against the board of directors after a less than stellar year. The plaintiffs claimed the board breached their duty to the shareholders by mismanaging the business, which resulted in a loss, despite previous forecasts of a significant profit. They further alleged that the board misrepresented the state of the market, which influenced the plaintiffs' decision to invest. Travelers paid \$300,000 in defense expenses before ultimately settling the case for \$500,000.

The Insured, a privately held cable installer, was sued by two minority shareholders. The plaintiffs alleged the defendants breached their fiduciary duty by wasting corporate assets, failing to properly evaluate costs, and failing to proactively manage the business. As a result of the defendants' conduct, the value of the company suffered a significant decline. Travelers settled the case for \$150,000, but only after incurring \$200,000 in defense expenses.



Business Services

A national insurance broker filed suit against the Insured alleging tortious interference with its prospective business advantage by soliciting its employees and stealing customers. The plaintiff's former employees had covenants not to disclose confidential information and not to compete for the plaintiff's clients for one year from their date of termination. The Insured's employees allegedly converted 25 to 35 of the plaintiff's former clients during the non-compete period. Defense expenses exceeded \$50,000, and the settlement exceeded \$100,000. Travelers paid 60% of the settlement, and all of the defense expenses.

The Insured, a third party benefits administrator, was sued by a former subcontractor. The subcontractor provided claims services. The suit alleged that the Insured was engaged in unfair trade practices and violated the Racketeer Influenced and Corrupt Organizations act by receiving kickbacks and participating in illegal schemes with other subcontractors. The case was resolved in excess of \$400,000, with Travelers paying 75 percent of the settlement.*

*The Wrap+ Private Company Directors and Officers Liability Coverage Part does not contain an exclusion for violation of an Unfair Business Practices Act.



Technology

A software developer sued the Insured's directors and officers for misappropriation of his intellectual property. After a joint venture between the parties failed, the plaintiff claims the defendants took his ideas and developed their own software. The insured directors and officers were alleged to have retained and utilized the intellectual property to create a competing product. Travelers paid in excess of \$200,000 in defense expenses, in addition to making a \$50,000 contribution towards the settlement.*

Directors and officers of the Insured were sued for failure to comply with terms under a joint venture agreement. The plaintiff was in financial difficulty at the time the joint venture agreement was signed. The plaintiff claimed the Insured intentionally failed to perform under the joint venture to force the plaintiffs into bankruptcy. The plaintiff further alleged this was done in an effort to acquire the plaintiff's clients. Travelers paid \$75,000 in defense expenses before the parties were able to resolve the dispute without money changing hands.

*The Wrap+ Private Company Directors and Officers Liability Coverage intellectual property exclusion does not apply to insured persons.



Manufacturing

After the insured organization, a manufacturer of corrugated piping, filed Chapter 11 Bankruptcy, the Creditors' Committee filed a complaint against the company's directors and officers. The suit was filed after the company's CEO moved the company's operations to another country, allegedly without the Board's knowledge. The complaint alleged the CEO improperly transferred assets, failed to properly protect the interests of creditors and failed to evaluate financial problems. A shareholder action soon followed alleging the company CEO transferred assets of the Insured to another company in another country without adequate compensation. Both cases were resolved. Travelers paid in excess of \$100,000 in legal fees to defend its Insured, and paid more than \$500,000 to settle the case.*

The Insured, a manufacturer of parts used by power plants and in the mining industry, was sued by a competitor for alleged interference with an employment contract containing a non-compete clause. The Insured allegedly courted and hired plaintiff's former employee which violated the employee's non-compete agreement. The plaintiff also contended that by hiring the individual, the Insured interfered with the plaintiff's business relationships. As a result, the claimant asserted its trade secrets were improperly taken. Travelers paid \$125,000 to defend the suit.**

*The Wrap+ Private Company Directors and Officers Liability Coverage Insured Versus Insured exclusion does not apply to claims by a receiver, liquidator, bankruptcy trustee or similar official of the Insured Organization.

**Although The Wrap+ does not provide coverage for trademark claims against the corporate entity, the Duty to Defend policy provides coverage for 100% of the defense expenses in the event only one potentially covered claim is made.



Transportation

The government filed a criminal indictment against the insured directors and officers for conspiracy, misconduct by a corporate official, commercial bribery and theft. The Insured allegedly offered airline officials bribes in return for contracts to handle airport security. The government alleged that the Insured promised airline and airport executives free goods and services in return for contracts. Travelers paid \$1,000,000 in legal fees to defend its Insureds.

Several directors and officers of a transportation company were sued. The company was owned and operated by family trusts. The plaintiff, a beneficiary of one of the trusts, alleged that the directors and officers conspired to steal money from the company and that these acts diminished the value of her Trust. Due to potential conflicts between the various defendants, several law firms were retained to provide a defense. Travelers paid its \$5,000,000 limit in defense expenses.



Retail

A grocery chain was sued in bankruptcy court by a financially insolvent third party who claimed the grocery chain had failed to pay its debts. The plaintiff sued for an accounting and payment of past debts. At the same time, the insured grocer was placed on notice by shareholders that they were investigating their books and records for possible misuse of corporate funds, mismanagement of corporate assets, use of corporate assets by directors and officers for their personal benefit and breach of their fiduciary duty. The Insured chose to resolve the matter without contribution from Travelers. However, Travelers paid in excess of \$125,000 in defense expenses.

The plaintiffs distributed the insured's sporting goods products to Japan. The plaintiff claimed to be the exclusive distributor of the Insured's goods. They sued the Insured's CEO for breach of the exclusive agreement. The plaintiffs also alleged intentional interference with economic relations, intentional interference with prospective business advantage, negligent interference with economic relations, fraud, negligent misrepresentation, suppression of fact, alter ego, conspiracy, declaratory relief, constructive trust, accounting, unjust enrichment, breach of joint venture agreement and breach of fiduciary duty. Travelers paid \$120,000 in defense expenses and \$150,000 towards the settlement*.

*The Wrap+ Private Company Directors and Officers Liability Coverage contract exclusion does not apply to insured persons. Furthermore, the fraud exclusion is not applicable unless there is a judgment against the insured.



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