



Claims @ Liberty

Real Stories: Financial Institutions Insurance



As a financial institution, you deliver the expertise needed to provide the best returns possible to your clients. Should an alleged error or omission occur, you could become embroiled in serious disputes and/or litigation that can be extremely costly in terms of time, money and loss of reputation.

With insurance from Liberty Mutual Canada (Liberty), a division of Liberty Mutual Insurance, you can rest assured that you'll be supported when you need it most.

Following are a few examples of how Liberty's professional liability and management liability coverage and expert claims handling stepped in to help Canadian financial institutions in need.



The Related Party Transaction Accusation | \$300,000+ paid

Liberty's insured, a large asset manager, had a lawsuit started against them over allegations that they overpaid on a commercial property owned by a non arm's-length party. Liberty was successful in defending the client against the class action certification, which was ultimately denied. Upon being unsuccessful with the class action, the plaintiff pursued a derivative action, which was successfully defended by Liberty and was granted a motion to dismiss.

Liberty paid over \$300K defending this matter.



The Vexatious Litigant | \$332,000 paid

The directors and officers of an asset management firm, together with over 15 named insured entities, were sued for allegedly aiding a company in which they invested to breach a right of first refusal agreement regarding any future financings. The litigation was brought in Florida, where the plaintiff resided.

Knowing that the plaintiff had a reputation as a vexatious litigant, Liberty acted quickly. Liberty immediately contacted another carrier that also had a policy responding and reached a consensus about the best strategy. Liberty took the lead and worked with the insured to retain senior defence counsel, who was able to help get the lawsuit – and the subsequent appeal – dismissed.

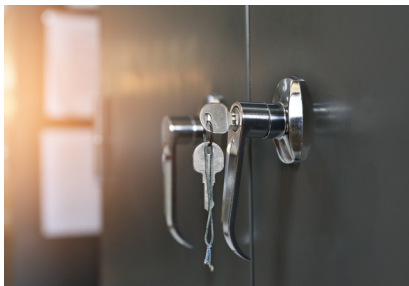
Liberty contributed \$332,000 in defence costs.



The Portfolio Company Lawsuit | \$45,000 paid

A large private equity firm insured by Liberty was contemplating a further investment into a portfolio company, but decided against it after performing its due diligence. The portfolio company alleged that the private equity firm had promised the additional capital. The portfolio company then had to obtain additional financing elsewhere, ran into financial difficulties and declared bankruptcy. The portfolio company sued the private equity firm over its due diligence process, which the portfolio company claimed eventually lead to its bankruptcy.

Liberty has paid over \$45,000 in legal costs defending this matter.



The Competitor Lawsuit | \$94,000 paid

A Liberty insured that was in the business of alternative lending was sued in Georgia after it hired employees who previously worked at a competitor. It was alleged that the employees were using confidential information from the competitor to the benefit of the insured. Liberty worked with external counsel to quickly get the competitor to dismiss its claim against the insured.

Liberty spent \$94,000 defending this matter.



The Major Shareholder Matter | \$138,000 paid

A private equity company, insured by Liberty, invested into a portfolio company as a minority shareholder and had board representation. The president of the portfolio company was a major shareholder and alleged that the insured made decisions without his knowledge, replaced him as president and the offer made to buy out his shares was insufficient.

Liberty paid \$138,000 to defend this matter.



The Investment Restriction Violation | \$184,000 paid

A client of a mid-sized portfolio manager, insured by Liberty, alleged that the portfolio manager did not follow instructions to avoid investing in any financial institutions, as per the terms of their investment service agreement. It was alleged that the investment in financial institutions by the portfolio manager caused the portfolio to decrease in value. The client was seeking reimbursement of the amount lost in such investments.

Working closely with the portfolio manager's in-house counsel and compliance department, Liberty established that the loss directly related to the failure of the portfolio manager to follow the client's instructions.

In order to avoid a costly litigation, Liberty made an offer to the client in exchange for a full and final release. The offer was accepted. It took less than a month between receipt of the claim by Liberty and the settlement.

Liberty paid over \$184,000 as part of the settlement.

Expect the Best

At Liberty, we put customer service above all else. When a claim is made, we respond with speed, professionalism and compassion. We look for ways to settle claims fairly and promptly. When a claim is to be paid, we pay quickly. Where we have supporting evidence to defend a claim, we are not afraid to do so. Most importantly, when our customers need to make a claim, it is comforting for them to know that they are dealing with claims staff with local knowledge and the market-leading authority to make decisions and to act on them.

The Liberty Claims Ethos

- We believe that insurers exist to pay valid claims.
- We are consistent, empowered to make swift and informed decisions, and provide an accurate response to claims.
- We work side-by-side with our underwriters and risk engineers to understand the cover and the client.
- We build long-term relationships with our clients and brokers.
- We listen to their individual needs and support them when they need us most.
- We prioritize customer service.
- We are visible and approachable.



Liberty Mutual Canada™ is the registered business name under which the Canadian branch of the Liberty Mutual Insurance Company operates in Canada.

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