

Brief narrative on open CLLAS claims with total incurred in excess of \$2,000,000 (March 31, 2017):

2017-068

The insured represented the claimant in its acquisition of a company in 2012. The claimant believes that an incurred loss of \$4.5M was the result of a drafting error with the company that resulted in an indemnity obtained by the claimant not extending to liabilities in respect of Advisors at the company who were not being kept on after its acquisition by the claimant. The indemnity was intended to cover any act or omission that occurred prior to the Closing Date, but failed to do so.

The claimant turned to the insured firm seeking indemnity or, at least, a contribution, arguing that the Share Purchase Agreement's indemnity was drafted in error to miss the assumption of liability for acts and omissions of former advisors not listed in the disclosure schedules. There was definite exposure to liability. Counsel recommended making an offer of \$2.25M (inclusive of the underlying limit). The CLLAS Claims Committee authorized making the offer, and the offer was accepted.