

ELIMINATING POST-CLOSING CONCERNS RELATING TO AN EXISTING INTELLECTUAL PROPERTY LAWSUIT

**LITIGATION BUYOUT INSURANCE – Deal in Review****THE CHALLENGE**

A NYSE listed equipment manufacturer acquired a foreign company. The acquisition was done on an open market basis by purchasing the company's stock on an exchange. As a result, the due diligence was minimal. The acquired company had a reserve established for an existing intellectual property lawsuit, however the acquiring company was concerned that the reserve was inadequate to cover the potential damages.

**THE SOLUTION**

Chartis' Mergers & Acquisitions Insurance Group (the "M & A Group"), in conjunction with panel and outside counsel, reviewed the existing litigation to determine if an insurance solution could be offered to cap the potential liability. As part of the review, the team looked to past litigation of prior cases defended by the insurer, the history of the judge's decisions in similar cases, as well as the plaintiff's litigation history. After careful analysis, the team designed a policy that would cover exposures from the existing lawsuit and the insurer became part of the defense team.

**THE RESULT**

The M & A Group was able to offer a policy that picked up coverage for the existing liability. The coverage was structured to respond in excess of the previously established reserve. The program alleviated the acquiring company's concern about the potential for adverse consequences due to an inadequate reserve. In addition, the insurer's participation in the lawsuit augmented the existing defense team with its expertise in intellectual property litigation. The program ultimately led to a successful resolution of the lawsuit.

To learn more about transactional insurance products, please visit our website, [www.chartisinsurance.com](http://www.chartisinsurance.com), send us an e-mail at [MAInsurance@chartisinsurance.com](mailto:MAInsurance@chartisinsurance.com), or contact your insurance broker.