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D&O Databox™

2024 Year-End Report

Another Year of Increased Filings and a
Record-Breaking Year for Settlements



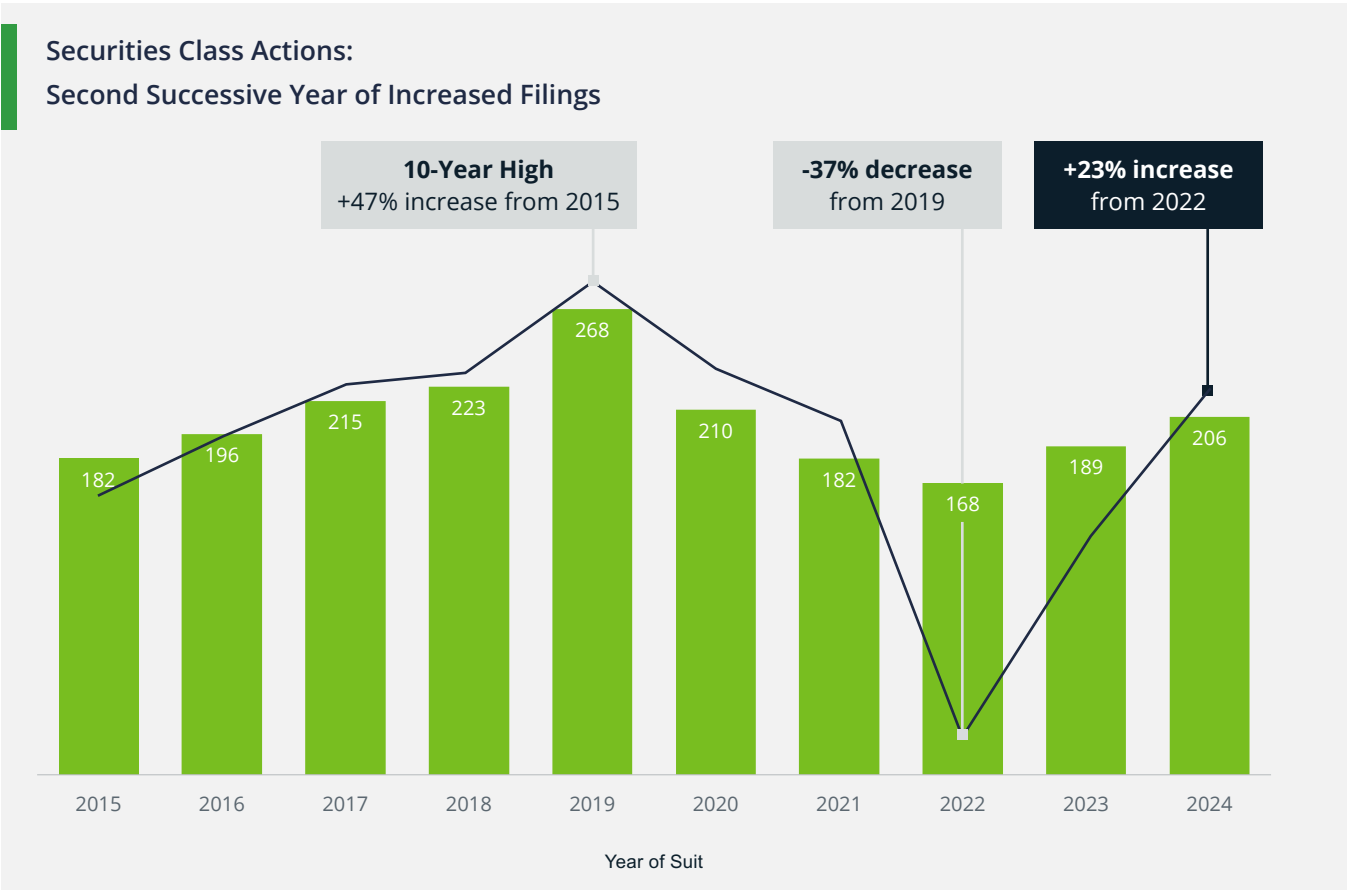
Woodruff Sawyer's D&O Databox™ Year-End Report provides insights about securities class action activities, developments, and historical trends—sourced from Databox, our proprietary database and leading resource for securities class action data over the last 30+ years. Databox powers our analysis of the D&O litigation environment and enables public companies—and those looking to IPO—to assess and mitigate their management liability risks with more precision and clarity.

This edition of the Databox Year-End Report reviews 2024 results for securities class action filings and settlements and provides insights into 2025.

Securities Class Actions: Another Year of Increased Filings

In unhappy news for D&O insurance buyers and carriers alike, 2024 was another year of increased securities class action lawsuit filings. It was also a record-breaking year for settlements—heightened activity that we expect will continue into 2025.

In 2024, 206 securities class action suits were filed as compared to 189 cases filed in 2023—a 9% increase in filings. This marked the second successive year of increases since the decade-low rate of filings in 2022. As shown in the graphic below, filing activity over the last decade had reached a high of 268 cases filed in 2019, followed by a 37% decrease in filings in 2022. Filings in 2024 represent a 23% increase from 2022, an upward trend.



Understanding SCA Activity: Highs and Lows

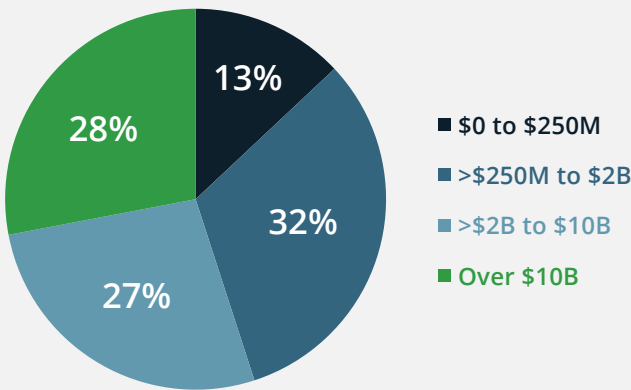
- **2019 – A Hotbed of Filing Activity:** The increased filings in 2019 were caused by plaintiffs filing their Section 11 claims against initial public offering (IPO) companies in both federal and state courts. This was a reaction to the *Cyan* ruling by the Supreme Court in March 2018, which made clear that such filings were permissible. These parallel state court filings raised the number of securities class action filings to a decade high in 2019.
- **2021 – A Record Number of IPOs:** A total of 1,013 companies went public. Of these, 613 were specialty purpose acquisition companies (SPACs), with about another 400 traditional start-up companies also going public. Filings against these two types of companies contributed to over one-third of the filings in 2021 and 2022 (35% and 38% respectively). Note: By the time SPACs were being sued they had become de-SPACs (i.e., the SPAC had acquired another company and was no longer operating as a SPAC).
- **2022 – A Significant Decrease in Filing Activity:** There was a huge drop-off of IPOs in 2022, to just 174 companies. This drop-off in turn resulted in a slow-down in securities class action filing activity. In addition, a massive drop in parallel state and federal court filings against IPO companies contributed in large part to the decrease (from 60% of filings against IPO companies in 2020 to 0% in 2022). This was due to the *Sciabacucchi decision* issued by the Delaware Supreme Court in March 2020, in which the Court upheld that exclusive forum provisions in the charters of Delaware corporations as facially valid and enforceable. The decision put a halt to plaintiffs filing parallel Section 11 claims in state and federal courts against Delaware corporations that adopted such provisions.
- **2023 and 2024 – Increases in Filing Activity:** While the pace of IPOs is slowly picking up from the low of 2022, SCA filings are picking up as well. This time, however, IPO and de-SPAC companies were not the reason for the increases. While they contributed to filing activity, plaintiffs had turned their attention to mature public companies with high profiles in their industries as shown in the following review of 2024 filing activity.

SCA Filing Activity by Size and Industry

The following is a breakdown of companies sued in 2024 by market cap size and how they compare to 2023 and the 10-year average in each of the market cap ranges.

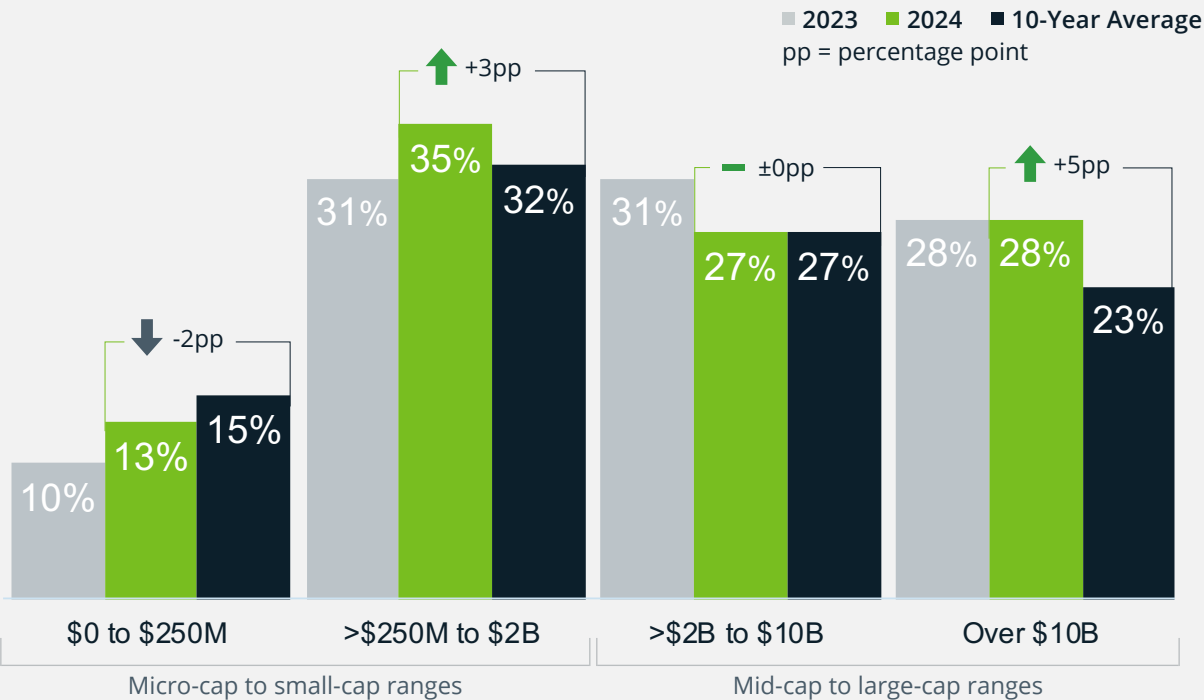
2024 Filings by Market Cap:

Over Half of Filings Were Against Mid- to Large-Cap Companies



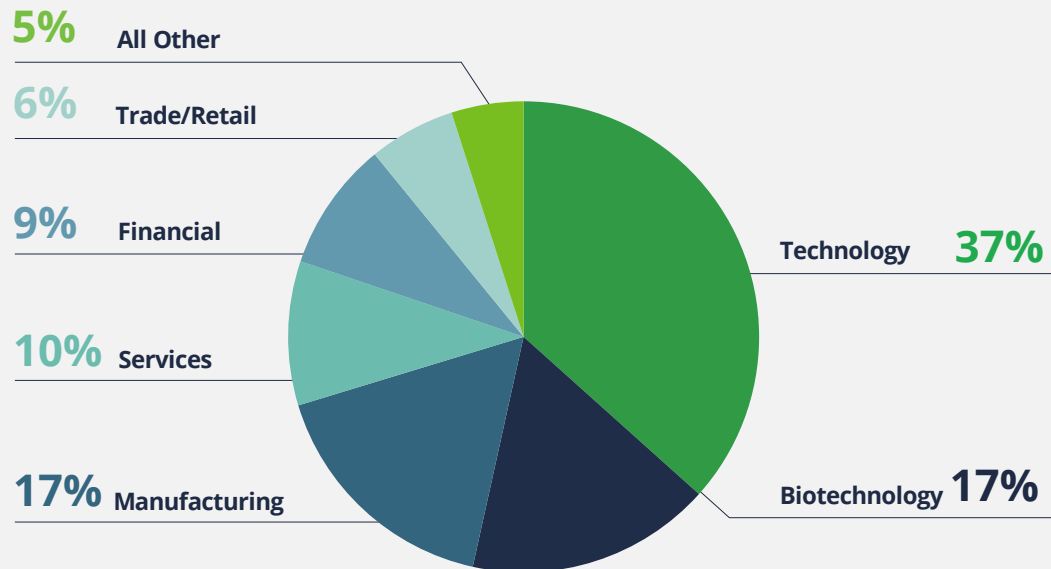
Large market cap companies of over \$10B held steady as compared to 2023 and had the highest gain as compared to the 10-year average of plus five percentage points.

Percentage Point Changes of 2024 as Compared to 10-Year Average



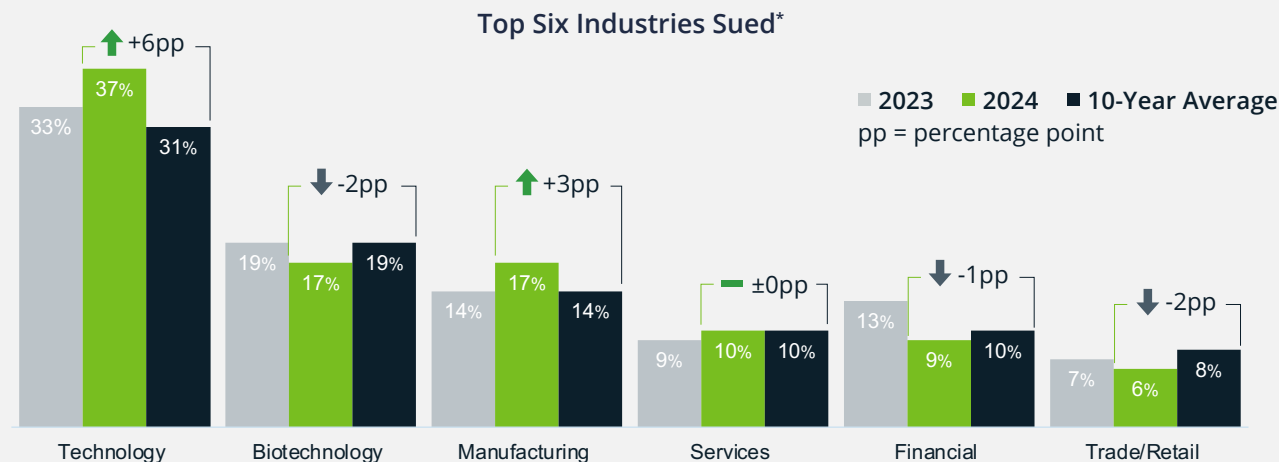
Breakdown by industry is as follows:

2024 Filings by Industry: Highest Increase Was Against Technology Companies



Note: Totals may not add to 100 due to rounding.

While most industries saw movement of three percentage points or less in 2024 compared to the 10-year average, the technology industry continues to dominate, with a six percentage-point gain over the 10-year average.



*Note: All other industries not noted were below 5% of annual filings.

While size and industry are parameters to consider, there are a few other factors that impact SCA filings. Below is the percentage of suits filed in 2024 as compared to 2023 in notable areas.

Type of SCA	2023	2024	Current State of Affairs
COVID-19 Related	6%	9%	Companies are still experiencing the impact of COVID-19 on their businesses in a post-pandemic environment while shifts in consumer/customer demand continue to impact their revenue growth.
De-SPACs	14%	6%	Since the dramatic drop in SPAC IPOs in 2022, there have been fewer lawsuits against the resultant de-SPACs.
IPO – Section 11 Claims	6%	7%	Due to the sluggish pace of companies going public since 2022 and the restraints put on the ability to file in state courts, SCA activity has remained below 10% since 2023 (as compared to 21% in 2022) and will remain so until the IPO market picks up.
Artificial Intelligence	4%	7%	As more companies integrate artificial intelligence into their businesses, plaintiffs’ lawyers will be scrutinizing disclosures about AI more closely. Companies face the legal risk of overselling the capabilities of their AI systems, which is now being termed as “AI washing,” and which is now showing up in class action suits.

Brand Name Companies Were Sued

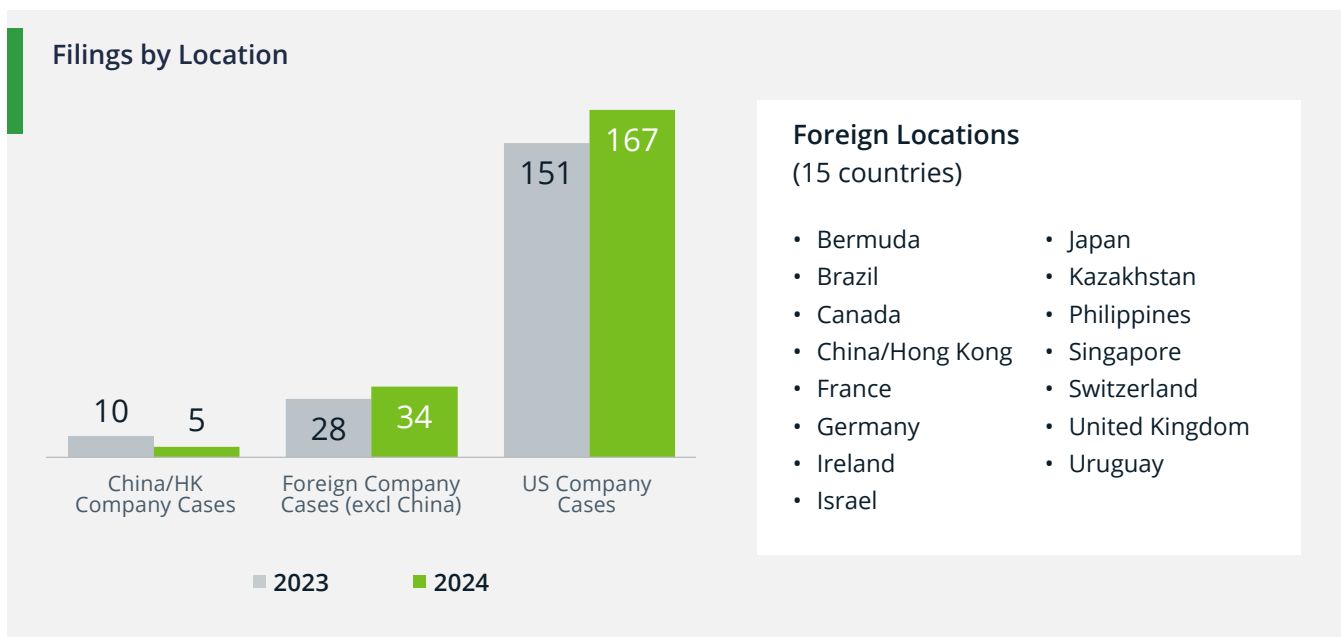
As there have been fewer lawsuits against IPO companies, it’s important to note the high-profile nature of companies sued in 2024. Below is a list of these companies:

Well-Known Companies Sued in 2024				
Biotechnology	Manufacturing	Services	Trade/Retail	Technology
- AstraZeneca - Biogen - BioNTech - Moderna	- Boeing - Ford - Hasbro - Lululemon	- American Airlines - Hertz - Instacart - Lyft	- Chipotle - CVS - Dick’s Sporting Goods - Domino’s Pizza	- Autodesk - CrowdStrike - Illumina - Intel
Healthcare	- Nike - Scotts Miracle Gro - Rivian - Stellantis (f/k/a Fiat Chrysler) - Toyota	- Match Group - Plug Power - Visa - Warner Bros Discovery	- Starbucks - Walgreens	- Palo Alto Software - Snowflake
- GoodRx - Humana - UnitedHealth				

These are mature public companies with large market caps that comprised 18% of securities class actions in 2024. The average market cap of these companies is \$89 billion, and they’ve been in business for an average of 27 years.

Location: US versus International Headquarters

Finally, we take a look at where companies were headquartered and the breakdown between class action lawsuits against US and international companies. In 2024, 19% of the SCA lawsuits filed were against companies headquartered outside of the US.



Looking Ahead: Filing Activity

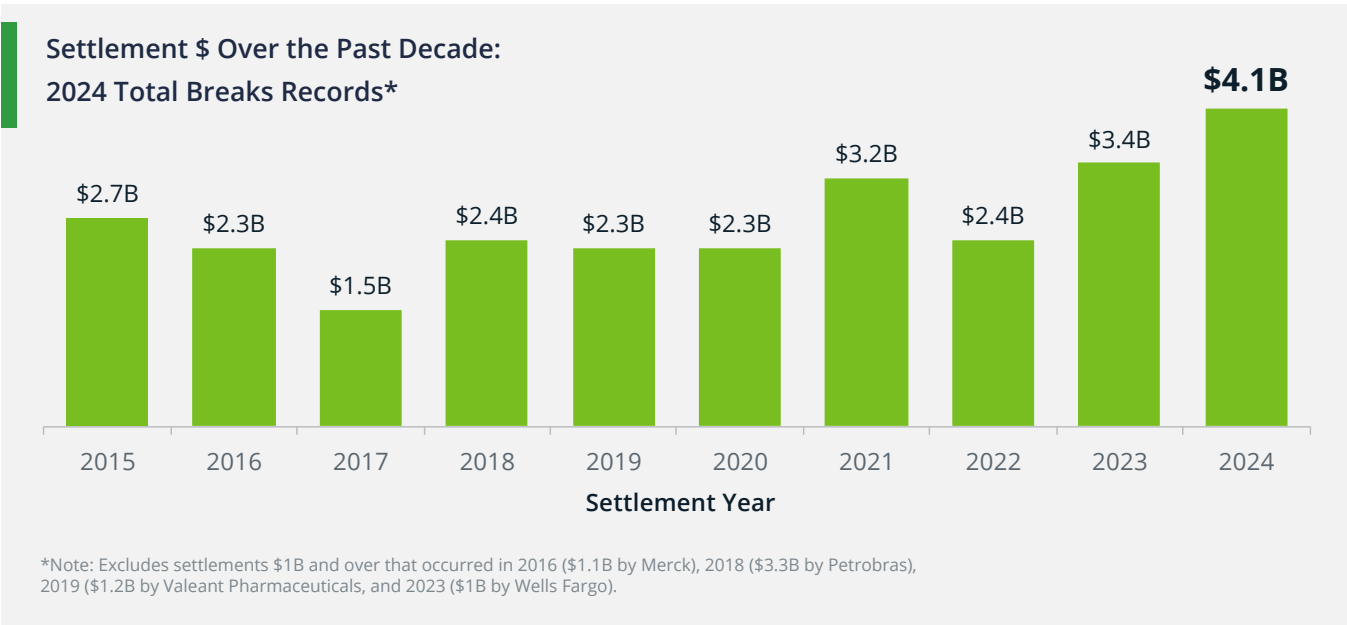
As outlined above, the filing activity in 2024 reflected several key trends:

- Fewer IPO companies and de-SPACs were sued.
- More large, mature companies were sued—many with high-profile brand names (16% were S&P 500 companies).
- Artificial intelligence disclosure issues are clearly an emerging area of interest for the plaintiffs' bar.
- COVID-19 effects continue to be an issue for companies.
- The rate of filings against foreign companies remains steady.

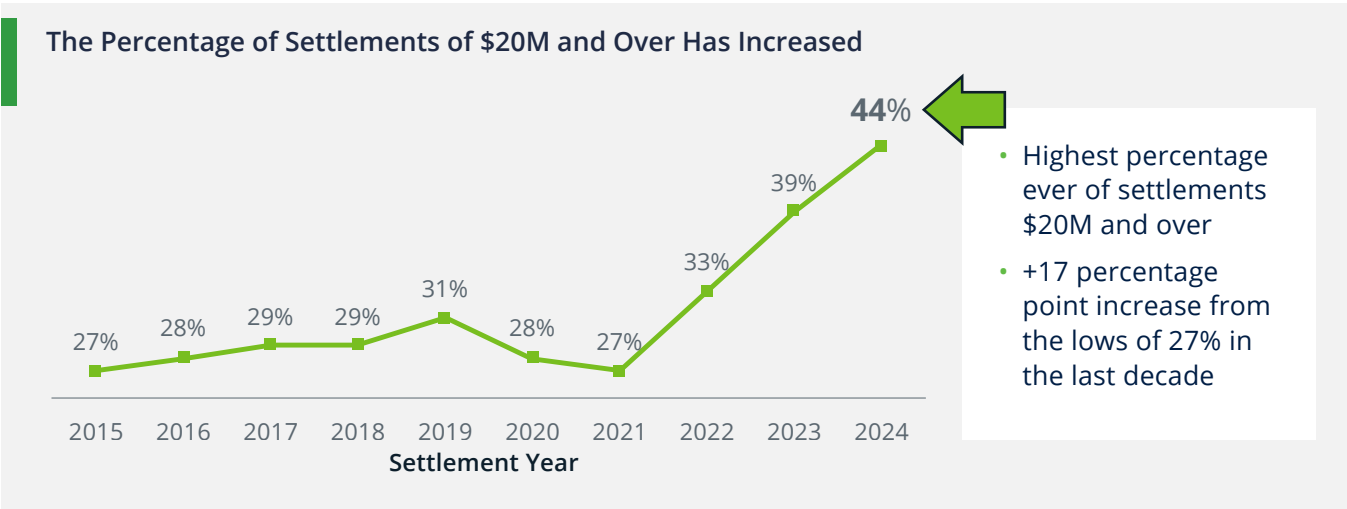
What can we expect for the rate of securities class action filings in 2025? Taking all the above-listed factors into account along with macroeconomic and geopolitical concerns, filing activity in 2025 will be more of the same, with one caveat: the IPO market could bounce back under ideal market conditions. If that happens, we expect to see the rate of securities class action filings to increase as well (although with a lag). Having said that, the consensus for IPOs in 2025 now appears to be one of cautious optimism for a more gradual rate of growth.

2024 Is a Record-Breaking Year for Settlement Dollars

While filing activity has been robust, settlement activity in 2024 was a head-turner. There were 80 settlements for a total settlement amount of \$4.1 billion dollars—the highest annual dollar amount paid out in securities class action settlement history (excluding settlements of a billion dollars or more). The following is the 10-year history of settlement dollars by year:



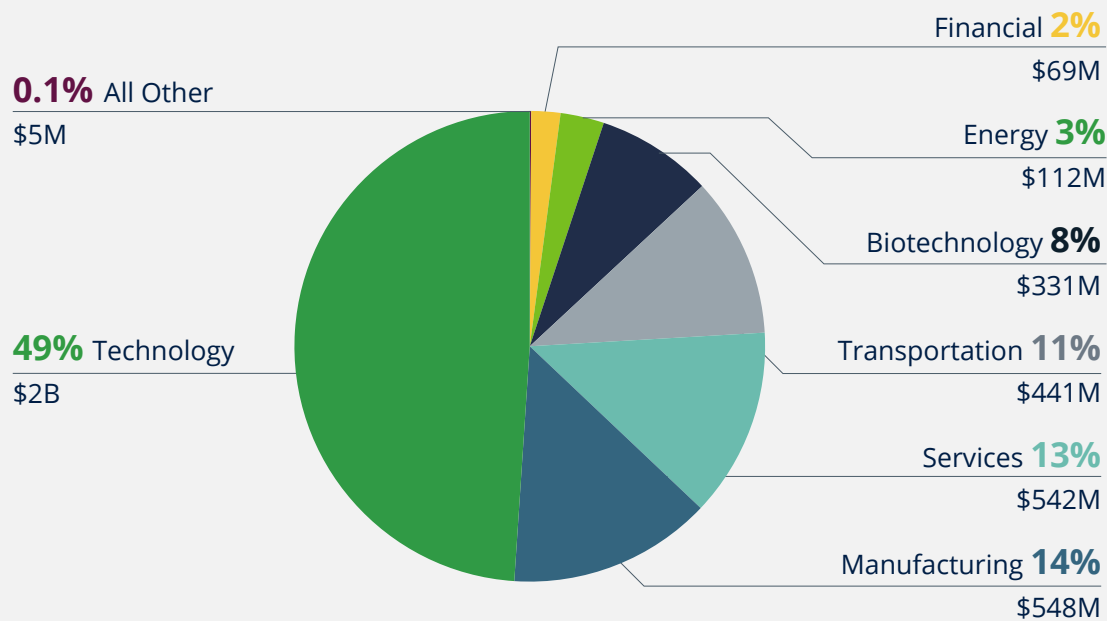
Large settlements played a significant role in driving the total settlement amount higher, rather than many smaller settlements. The following chart bears this out. It shows that the percentage of large settlement dollars in 2024 has broken records:



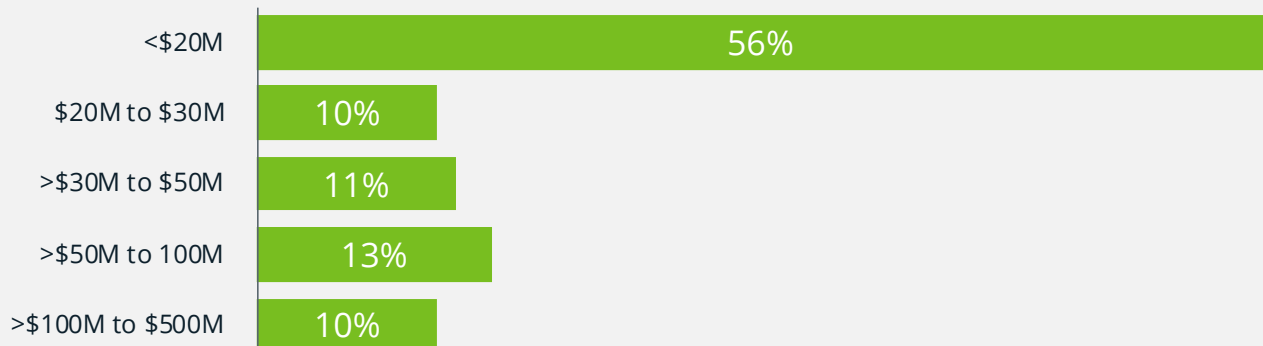
SCA Settlements by Industry and Amount

The bulk of the large settlements, a total of \$2 billion, were paid out by technology companies. The following charts provide a breakdown by industry and the distribution of settlements by amount.

% of Settlement \$ by Industry



Distribution of Settlements by Settlement Amount



Notable Companies Make the Top 10 List of Settlements

As shown in the list of top 10 settlements below, technology companies dominated the list, comprising six of the top 10 settlements. Furthermore, the total settlement dollars in the top 10 list comprised over half of all settlement dollars paid out in 2024 (53% or \$2.7 billion of the \$4.1 billion).

Top 10 Settlements (Average Time to Settlement = 5.4 years)

Entity	Suit Year	Industry	Amount	Case Notes
Apple Inc.	2019	Technology	\$490M	Misrepresentation of its revenue growth in China that was impacted by the US-China trade war, Chinese competition, and users not upgrading their phones
Under Armour, Inc.	2017	Manufacturing	\$434M	Misrepresentation of its projected growth for 2016 and the impact that the bankruptcy of Sports Authority would have on its revenues (Note: Majority of settlement to be funded by company)
Alibaba Group Holding Limited	2020	Trade/Retail	\$433.5M	Failure to disclose that the company was being scrutinized by Chinese regulators for antitrust practices while it was preparing to launch the world's largest-ever IPO of one of its fintech affiliates, ANT Group, and which led to the cancellation of the IPO
General Electric Company	2017	Technology	\$362.5M	Misrepresentation of revenue growth and accounting irregularities
Alphabet Inc.	2018	Technology	\$350M	Cybersecurity flaw giving third-party app developers access to the private data of 500,000 users
Uber Technologies, Inc.	2019	Services	\$200M	Allegations of misrepresentation at IPO of its revenue growth and operational risks
TuSimple Holdings, Inc.	2022	Technology	\$189M	Misrepresentation at and subsequent to its IPO of the technologic capabilities of its self-driving trucks that led to an investigation by the US Transportation Department pertaining to safety issues
VMware, Inc.	2020	Technology	\$102.5M	Accounting irregularities by deceptively recording sales as backlog to obscure operational challenges. SEC civil penalty of \$8M
Perrigo Company plc	2016	Biotechnology	\$97M	Misrepresentations about growth prospects pertaining to its acquisition of Omega Pharma N.V.
Windstream Holdings, Inc.	2018	Technology	\$85M	Misrepresentation in offering documents pertaining to its acquisition of Earthlink Holdings in Feb 2017 for \$1.1B. (Note: Section 11 claim. Class is Earthlink shareholders only)

The chart below shows the extent to which 2024 payouts have increased the severity of settlement dollars paid out compared to previous years and the past decade.

2024 Total Settlement Amount is the Highest in the History of SCAs

	10 Years (2014–2023)	2024	2023	2022
Settlement \$	\$25B	\$4.1B	\$3.4B	\$2.4B
Average	\$30M	\$52M	\$37M	\$26M
Median	\$10M	\$16M	\$13M	\$12M
75 th Percentile	\$24M	\$43M	\$37M	\$24M

Note: Excluding settlements of \$1B and over.

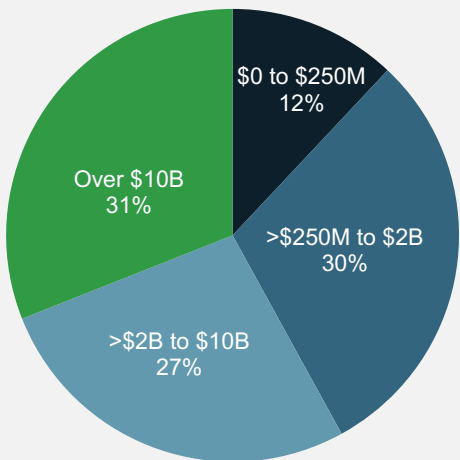
The average, median, and 75th percentile are the highest ever in securities class action history (excluding four settlements over \$1B).

Looking Ahead: Settlement Activity

In our [2023 Year-End Databox Report](#), we noted a large number of cases were yet to be resolved (around 500 cases), and that 58% of them involved companies with market caps of over \$2 billion (31% had market caps over \$10 billion). Such a distribution portended more large settlements to come.

Plaintiffs will be encouraged by the record-setting year of 2024 for settlement dollars and severity. That dynamic and the following distribution of open cases as of the end of 2024 means that more high-dollar settlements will be forthcoming, something we saw play out in 2024.

Distribution of Open Cases by Market Cap as of 12/31/2024



- There are around 500 open cases yet to be resolved, and 58% of them are against mid- to large-cap companies (>\$2B). This is a repeat of the previous year's distribution (2023).
- More large-dollar settlements are expected. However, it should be noted that dismissals/withdrawals in 2024 exceeded the number of settlements (100 cases dismissed/withdrawn versus 80 cases settled). While this would not necessarily impact the amounts paid out, more cases could be resolved in the defendants' favor.

Questions About D&O Databox™? Contact:

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Looking Ahead to Your D&O Insurance Renewal in 2025

The D&O insurance market remains constructive for insurance buyers, for now. The real question is how long this can last considering the eye-boggling settlement totals discussed in this report, and myriad new risks and concerns on the horizon.



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