

INSIGHTS



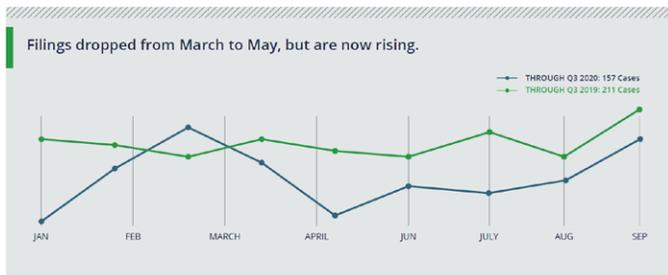
MANAGEMENT LIABILITY/D&O | OCTOBER 20, 2020

Q3 2020 Securities Class Action Flash Report: Filings Are Up Again

By Priya Cherian Huskins, Esq.

When we published our mid-year update on securities class actions in July, filings were down. But only for a short time. Our Q3 data on securities class actions show that filing activity is up. Although the pace is still slightly down overall from 2019, it is trending comparatively. Why the change? It is likely the courts, like all of us, have been adjusting to pandemic circumstances.

[GET INSTANT ACCESS TO THE DATABOX Q3 2020 REPORT NOW >>](#)



As of September 30, 2020, 157 cases have been filed. Filings dropped from a high of 26 cases in March to a low of 11 cases in May. But activity is back up to a total of 24 cases filed in September. If this filing rate continues to keep pace, we estimate there could be 210 cases filed by the end of 2020.



To be sure, 210 cases would be fewer cases than the number filed in 2019, which hit a record high at 268 cases. This is definitely good news. However, 210 cases would still be higher than the 10-year average and stops short of the five-year average of 217 cases.

Also Trending: Large Settlements

As open cases settle this year, we have seen a total of \$2 billion in settlement dollars coming from 60 cases through September. More than one-third of the settlements have ranged from \$20 million to \$350 million, with the average being \$33 million. This surpasses the 10-year average of \$30 million.

2020's Top 11 Settlements Through Q3

Entity	Suit Year	Industry	Amount
First Solar, Inc.	2012	Technology	\$350M
Signet Jewelers Limited	2016	Retail	\$240M
Snap, Inc. (Federal & State)	2017	Technology	\$187.5M
Equifax, Inc.	2017	Services	\$149M
DaVita Inc.	2017	Services	\$135M
The Southern Company	2017	Utilities	\$87.5M
MetLife, Inc.	2012	Financial	\$84M
SeaWorld Entertainment, Inc.	2014	Services	\$65M
Community Health Systems, Inc.	2011	Services	\$53M
Zimmer Biomet Holdings, Inc.	2016	Biotech	\$50M
HD Supply Holdings, Inc.	2017	Services	\$50M

With only one quarter remaining and hundreds of cases to be settled, we could see 2020 settlements top the 10-year average of 2.2 billion.

The Usual Suspects: IPO Companies, High-Profile Corporations, Foreign Filers

Filing activity and settlements involve the usual types of companies through Q3: IPO companies, high-profile, established companies, and foreign companies.

IPO COMPANIES

While there is still a steady stream of Section 11 claims filed against IPO companies at a rate of 2.5 cases per month, parallel filings appear to be trending downward.

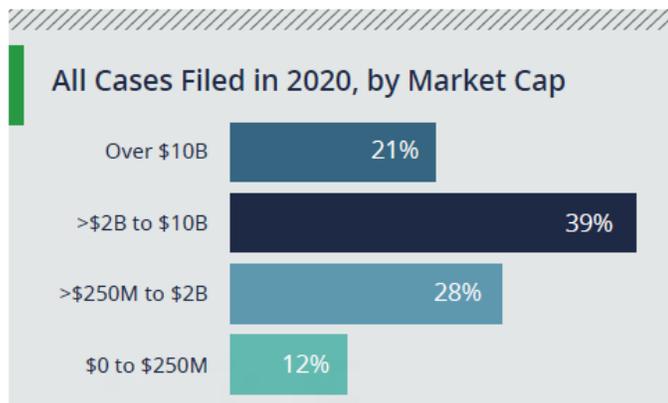


As a reminder, parallel filings occur when a company experiences the same set of allegations in both state and federal court. The downward trend could be a signal that the Sciabacucchi

decision, and perhaps even the more recent decision in Restoration Robotics, is starting to have an impact on filing venues (federal versus state courts).

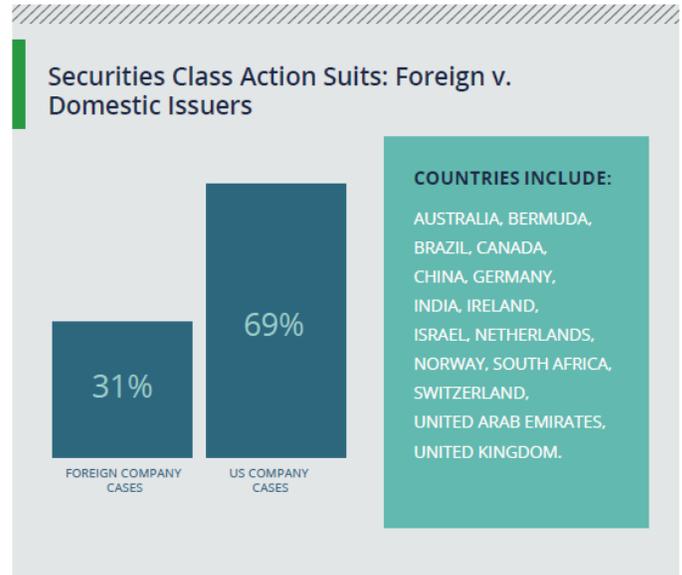
S&P 500 COMPANIES

S&P 500 companies make up 11% of the cases filed through the first three quarters of 2020. Fifteen of the 33 cases here were against companies with more than \$10 billion in market capitalization.



FOREIGN COMPANIES

The number of cases against foreign filers reached 48 through September 30. Twenty of these cases involved companies located in China. An additional 28 cases were filed against companies in 14 other countries across the globe.



FIND OUT MORE

Get more details on the state of securities class actions by downloading a copy of the DataBox Q3 2020 Report now. You can also check out a recent webinar at Seyfarth Shaw LLP, of which I was a participant, that dives into some of these emerging issues.

For more on how some of these trends are impacting D&O insurance, and how to prepare, check out our on-demand webinar: [D&O Looking Ahead to 2021](#).

Priya Cherian Huskins
Senior Vice President, Management Liability
phuskins@woodruffshawyer.com
T 415.402.6527

As one of the largest insurance brokerage and consulting firms in the US, Woodruff Sawyer protects the people and assets of more than 4,000 companies. We provide expert counsel and fierce advocacy to protect clients against their most critical risks in property & casualty, management liability, cyber liability, employee benefits, and personal wealth management. An active partner of Assurex Global and International Benefits Network, we provide expertise and customized solutions where clients need it, with headquarters in San Francisco, offices throughout the US, and global reach on six continents. For more information, call 844.972.6326, or visit woodruffshawyer.com.