WITH RISING MARKET INSTABILITY, THE RIGHT PROTECTION CAN KEEP YOU ON SOLID GROUND.

RISK IS A DYNAMIC EXPOSURE that every REIT faces. We understand these complex and evolving risks, providing solutions to help mitigate them.

Our dedicated in-house claims department is ready to provide solutions and market-leading coverage that helps protect against:

- Potential damages
- Settlement awards
- Defense costs stemming from investment advisory activities

The exposures are significant.

Review the claim scenarios below. They show you the types of exposures REITs face and how our products can help.

SCENARIO 1: FEDERAL MERGER CHALLENGE – PUBLIC CO.	
Type of claim	Violations of Section 14(a) of the Securities Exchange Act
Scenario	Putative class of shareholders files suit against the REIT, its directors and/or officers alleging that the defendants violated federal securities laws by failing to provide adequate disclosures to shareholders in connection with a vote relating to a proposed acquisition of the REIT.
Outcome	These suits often settle with the REIT agreeing to make additional disclosures and the payment of a “mootness fee” to the plaintiffs’ counsel.

SCENARIO 2: SECURITIES CLASS ACTION – PUBLIC CO.	
Type of claim	Violations of Section 10(b) and 20(a) of the Securities Exchange Act and Rule 10b-5
Scenario	Putative class of shareholders alleges that the REIT, its directors and/or officers made false and misleading statements or omitted material information regarding the REIT’s financial results for a particular time period. When the shareholders discovered the truth about the allegedly false or misleading information, the REIT’s stock price dropped causing damages to the shareholders.
Outcome	These types of suits typically settle, often for substantial amounts, if they survive a motion to dismiss. They are also costly to defend.

SCENARIO 3: DERIVATIVE LITIGATION/MINORITY SHAREHOLDER DISPUTES – PUBLIC OR PRIVATE CO.	
Type of claim	Breach of Fiduciary Duty
Scenario	Allegations that the REIT's directors engaged in self-interested transactions, had conflicts of interest or otherwise engaged in inappropriate business practices (e.g., failed to exercise proper oversight).
Outcome	Outcomes in these types of cases vary widely. Settlements may include corporate therapeutics, monetary damages and/or an award of plaintiffs' attorneys' fees.

SCENARIO 4: PARTNERSHIP OR OPERATING ENTITY CLAIM – PUBLIC OR PRIVATE CO.	
Type of claim	Breach of Fiduciary Duty
Scenario	Minority interest holder in an LLC sues the REIT, which is the managing member of the LLC, for alleged breaches of fiduciary duty in connection with the management or operation of the LLC.
Outcome	Outcomes in these types of cases vary widely. Settlements may include corporate therapeutics, monetary damages and/or an award of plaintiffs' attorneys' fees.

SCENARIO 5: REGULATORY INVESTIGATION - PUBLIC OR PRIVATE CO.	
Type of claim	SEC Investigation
Scenario	SEC initiates investigation against REIT and an executive officer after discovery of an inappropriate relationship between the executive and an officer of the REIT's accountant.
Outcome	Outcomes can vary from a finding of no wrongdoing to the implementation of significant civil or criminal fines or penalties. Regardless of the outcome, defense costs are likely to be substantial.

SCENARIO 6: NON-SECURITIES CLAIM (ELECTIVE COVERAGE) - TYPICALLY PRIVATE CO.	
Type of claim	Fraud/Tortious Interference
Scenario	Lawsuit brought against REIT and its directors or officers by a supplier or service provider alleging that the company and its directors and officers engaged in fraudulent practices or conflicts of interest in doing business with such supplier or service provider and otherwise interfered with the supplier's or service provider's business relationships.
Outcome	Outcomes vary.

SCENARIO 7: SIDE A COVERAGE - PUBLIC OR PRIVATE CO.	
Type of claim	Bankruptcy Claims
Scenario	A bankruptcy trustee brings claims against the REIT's former directors and officers claiming they devised a strategy to disguise the insured's insolvency or near insolvency and otherwise breached the fiduciary duties they owed to the now-bankrupt REIT.
Outcome	Outcomes vary and these types of claims typically settle. Defense costs incurred by the directors and officers are not indemnified by the REIT due to its insolvency.

SCENARIO 8: DEMAND LETTER/DIRECT ACTION LAWSUIT - PUBLIC OR PRIVATE CO.	
Type of claim	Breach of Fiduciary Duty/Breach of Contract
Scenario	Limited partners seek to compel access to partnership and corporate records and to obtain an equitable accounting of the limited partnerships and the REIT as a whole. Those limited partners alleged breach of fiduciary duties, breach of contract and bad faith in that they have been refused access to and inspection of the shareholder/stockholder list(s) of the REIT.
Outcome	Settlement for corporate therapeutics.

INVEST YOUR TRUST IN A LEADER

We're a leader in the REIT space. Count on our insurance experts to craft a solution for specific exposures REITs face.

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