



Liberty
Global Transaction
Solutions™



Contingent Legal Risk Insurance —
Case Study

Transferring the risk of catastrophic loss scenarios

A European company was involved in a long-running patent infringement dispute. The first instance judgement, which was favourable to the company, was reversed on appeal. The company received permission to appeal to the final appellate court but it was possible that the conclusion of the litigation could still take several years.

The company was in the process of a public market equity fundraising to secure investment to finance the ongoing development of its business. Whilst its balance sheet was strong enough to meet the anticipated damages award in the event of an adverse court decision, there was still a remote but not implausible risk that the amount of damages awarded could be materially higher than that anticipated worst-case scenario. The company had a robust legal opinion that supported its analysis.

The company took out a Contingent Legal Risk Insurance policy to cover the loss that it could have suffered in the event of a genuinely catastrophic outcome. Not only did this ring-fence the liability to a manageable amount from the company's perspective, but it allowed the company to demonstrate to its potential investors that the liability had been capped, and the catastrophic down-side litigation risk removed, which assisted the company in concluding a successful fundraising.

[Learn more](#)

These case studies are provided for illustrative purposes only. Any such case studies, examples, and illustrations cannot guarantee you will achieve similar results. Individual results may vary based on your particular facts and circumstances.

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