

Employees' Retirement Fund of the City of Fort Worth v. James River Group Holdings, Ltd.

COURT: United States District Court for the Eastern District of Virginia
CASE NUMBER: 3:21-cv-00444-DJN
CLASS PERIOD: 02/22/2019 - 10/25/2021
CASE LEADERS: Rebecca E. Boon, Salvatore J. Graziano, Jeremy P. Robinson
CASE TEAM: Emily A. Tu

This is a securities class action that alleged that between February 22, 2019 and October 25, 2021, inclusive (the "Class Period"), James River Group Holdings, Ltd. ("James River" or the "Company") and certain of the Company's current and former senior executives (collectively, "Defendants"), defrauded persons and entities that purchased James River common stock (the "Class") in violation of Sections 10(b) and 20(a) of the Exchange Act of 1934, 15 U.S.C. §§ 78j(b), 78t(a), and U.S. Securities and Exchange Commission Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5.

Lead Plaintiffs Have Settled the Action for \$30 Million

Lead Plaintiffs Employees' Retirement Fund of the City of Fort Worth d/b/a Fort Worth Employees' Retirement Fund and The City of Miami General Employees' & Sanitation Employees' Retirement Trust (together, "Lead Plaintiffs"), on behalf of themselves and the Settlement Class, have settled the Action for **\$30,000,000** in cash (the "Settlement").

On May 24, 2024, the Court held a hearing to consider final approval of the Settlement and other matters. The same day, the Court entered an order finally approving the Settlement, an order approving the Plan of Allocation, and an order approving Lead Counsel's motion for attorney's fees and litigation expenses.

If you are a member of the Settlement Class, your rights will be affected and you may be eligible for a payment from the Settlement. The Settlement Class consists of:

all persons or entities who purchased or otherwise acquired James River common stock during the period from February 22, 2019 through October 25, 2021, inclusive, and who were damaged thereby.

Certain persons and entities are excluded from the Settlement Class by definition (see paragraph 27 of the Notice) or if they requested exclusion pursuant to the instructions set forth in the Notice (see paragraph 60 of the Notice).

Please read the Notice to fully understand your rights and options. Copies of the Notice can be found in the **Case Documents** list on the right of this page. You may also visit the case website, www.JamesRiverSecuritiesLitigation.com, for more information about the Settlement.

The claims administration has been completed. On March 14, 2025, a Motion for Approval of Distribution Plan was filed. On March 28, 2025, the Court approved the distribution of the net settlement fund to Court-approved eligible claimants. The initial distribution took place in June 2025. Subsequent distributions will occur on a rolling basis, provided that net settlement funds are available.

Please continue to check this website for future updates.

Background and History of the Litigation

James River is a Bermuda-based insurance holding company that owns and operates a group of specialty insurance and reinsurance companies. The Company's largest segment, Excess and Surplus ("E&S") lines, provides coverage for insureds that generally cannot obtain insurance from standard lines insurers due to the perceived risks related to their businesses. Within its E&S lines segment, James River maintains a commercial auto division, which underwrites auto liability exposures for ride-share, delivery, and livery based services. James River's E&S Lines was by far the Company's most important business, and its performance was critical to the Company's financial health. Indeed, the E&S Lines produced 68% of James River's net written premiums in 2018, 77% in 2019 and 70% in 2020.

In 2014, James River began underwriting a new type of insurance policy that covered ride-share drivers who contracted with Rasier LLC ("Rasier"), a subsidiary of Uber Technologies, Inc. (together with Rasier, "Uber"). Until this point, ride-sharing companies—still a relatively new phenomenon—carried automobile insurance that only covered claims incurred while the ride-sharing drivers were transporting passengers, not while they were driving their cars in search of a passenger. This left a gap in coverage for accidents that occurred while the ride-sharing drivers were logged into the Uber app and available to accept a passenger but not actively transporting anyone. On March 14, 2014, Uber announced new expanded coverage through the Uber Contract that would cover this gap. At the time, James River was the only insurance company providing this type of insurance. Uber quickly became James River's largest customer, accounting for more than 40% of the Company's E&S lines segment's gross written premiums and over 25% of its consolidated gross written premiums in 2019.

On the Company's earnings call on February 22, 2019—the first day of the Class Period—Defendant Bob Myron, the Company's then-CEO, celebrated the renewal of the Uber Contract, expressing that James River was "appreciative of continuing the long and collaborative relationship we have had with" the Company's "largest account." Analysts were shocked, then, when, on October 8, 2019, James River announced that it was terminating the Uber Contract early because it "has not met our expectations for profitability." James River put the Uber Account into "runoff," meaning that, while the contract had been cancelled, the Company would still be responsible for processing and paying claims that had accrued through the end of 2019. After the account was put into runoff, Defendants repeatedly assured the market that the risk from the runoff Uber Account was contained, reassuring investors that James River was "comfortable with our pricing for the 2018 and 2019 years," and later that James River was settling Uber-related claims "consistent with our held reserves." Defendants continued to reassure the market that the runoff contract was "going well" and proceeding "consistent with our held reserves."

Lead Plaintiffs allege that, in reality, unbeknownst to investors, James River was forced to take massive charges to the Uber Account due to James River's fundamental and systematic failures, which Defendants knew contradicted their public statements during the Class Period. For example, Lead Plaintiffs allege that former James River employees recounted that, unbeknownst to investors, James River had no reserve methodology at all, except to keep the reserves low, that James River systematically under-reserved on Uber claims, that James River would overpay on Uber claims specifically to avoid embarrassing Uber during litigation or at trial, and that James River knowingly hired adjusters with no claims experience and provided them with no training to accurately set reserves.

The full truth began to be revealed on May 5, 2021. On that date, James River stunned the market by announcing that it was taking a \$170 million charge that was "primarily driven" by losses relating to Uber. Significantly, at the same time that James River announced the \$170 million charge, the Company also admitted that the reserve methodology it used for claims on the Uber Account since its inception in 2014 was "wrong." Specifically,

Defendant Frank D’Orazio, who was named James River’s CEO less than a year prior, admitted that James River had “meaningfully changed our actuarial methodology” because “using only our own loss experience in our paid and incurred reserve projections rather than the array of inputs that we had used in prior quarters, and giving greater weight to incurred methods would give us a better and more conservative estimate of ultimate losses on this account.” The full truth was finally revealed on October 26, 2021, when James River again stunned investors by disclosing still more losses attributable to Uber—namely \$29.6 million in “impacts” from the Uber Contract.

On November 19, 2021, Lead Plaintiffs filed the Amended Class Action Complaint for Violations of the Federal Securities Laws. Defendants’ Motion to Dismiss the Amended Complaint was filed on January 18, 2022. Lead Plaintiffs opposed that motion on March 4, 2022, and Defendants filed their reply in further support of their motion on April 4, 2022. On July 13, 2022, Lead Plaintiffs filed a Notice of Intent to Amend the Complaint due to new facts discovering since the motion to dismiss briefing ended. Lead Plaintiffs filed a motion seeking leave to amend the complaint on August 25, 2022, which Defendants did not oppose, and Lead Plaintiffs filed the Second Amended Complaint on September 9, 2022. Defendants moved to dismiss the Second Amended Complaint on October 24, 2022. Plaintiffs opposed that motion on November 7, 2022, and Defendants filed their reply on November 14, 2022. On August 28, 2023, Defendants’ Motion to Dismiss was denied.

Discovery in the Action commenced in September 2023. Defendants produced more than 1.6 million pages of documents to Lead Plaintiffs, and Lead Plaintiffs’ counsel reviewed such documents on a rolling basis as Defendants produced them. Third parties produced additional documents to Lead Plaintiffs, which Lead Plaintiffs’ counsel also reviewed. The Parties also met and conferred and exchanged numerous correspondence concerning disputed discovery issues over several months, and Lead Plaintiffs noticed depositions to take place in November and December of 2023.

Following two mediation sessions with Jed D. Melnick, Esq., an experienced mediator in complex litigation, in November 2023, the Parties reached an agreement to settle the Action for \$30 million, subject to approval of the Court. The agreement’s terms were memorialized in a term sheet dated December 5, 2023, and fully executed on December 7, 2023. On December 22, 2023, the Parties entered into a Stipulation and Agreement of Settlement, which sets forth the terms and conditions of the Settlement.

On January 26, 2024, the Court preliminarily approved the Settlement, authorized notice of the Settlement to be sent to potential Settlement Class Members, and scheduled the final Settlement Hearing for May 24, 2024 to consider whether to grant final approval to the Settlement.

Following the hearing on May 24, 2024, the Court entered an order finally approving the Settlement, an order approving the Plan of Allocation, and an order approving Lead Counsel’s motion for attorney’s fees and litigation expenses.

Case Documents

- Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for Attorneys’ Fees and Litigation Expenses ("Notice")
- March 28, 2025 - Order Granting Motion For Approval Of Distribution
- March 14, 2025 - Motion for Approval of Distribution Plan

- May 24, 2024 - Order Granting Final Approval of Settlement
- May 24, 2024 - Order Approving Plan of Allocation
- May 24, 2024 - Order Granting Motion for Attorneys' Fees and Litigation Expenses
- May 17, 2024 - Reply Memorandum of Law in Further Support of (A) Lead Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation and (B) Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- April 19, 2024 - Lead Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation
- April 19, 2024 - Memorandum of Law in Support of Lead Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation
- April 19, 2024 - Lead Counsel's Motion for Attorneys Fees and Litigation Expenses
- April 19, 2024 - Memorandum of Law in Support of Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- April 19, 2024 - Joint Declaration of Rebecca E. Boon and David R. Kaplan in Support of (I) Lead Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation, and (II) Lead Counsel's Motion for Attorneys' Fees and Litigation Expenses
- January 26, 2024 - Order Preliminarily Approving Settlement and Authorizing Dissemination of Settlement Notice
- December 22, 2023 - Stipulation and Agreement of Settlement
- August 28, 2023 - Memorandum Opinion
- September 9, 2022 - Second Amended Complaint
- November 19, 2021 - Amended Class Action Complaint