



## SECURITIES CLASS ACTION RISK RATINGS HELP PREDICT FUTURE LITIGATION

*FOR IMMEDIATE RELEASE*

**Portland, Maine; February 1, 2010** – The Corporate Library's Securities Litigation Risk Analyst (SLRA) Ratings continued to prove effective throughout 2009 in predicting future securities litigation, according to a new report by the independent corporate governance research firm. The report examines the current state of securities class action (SCA) activity and the predictive ability of the SLRA Ratings, which use [corporate governance risk](#) factors to measure [securities class action risk](#).

The report's key findings include:

- Shareholder claims against the financial services industry may be subsiding. Thirty-five percent of all SCA filings in The Corporate Library's coverage universe were filed against financial services firms in 2009, down from 50 percent the previous year.
- Settlement values continue to rise, particularly in those cases involving board and corporate governance failure, as does participation in these cases by institutional investors as lead plaintiff.
- While only one third of all companies in The Corporate Library's coverage universe were assigned a High or Very High Risk rating, more than half of all SCAs in 2009 fell within this group.

Director and officer (D&O) liability insurance underwriters rely on SLRA Ratings to measure securities class action risk related to corporate governance.

"It has been said that unchecked management self-interest is nearly always the underlying cause of securities fraud," said Chief Analyst Ric Marshall, author of the report. "Monitoring and limiting such self-interested management behavior is one of the board's most important responsibilities, and The Corporate Library's ratings provide D&O insurers with the most effective tool for measuring a board's likely effectiveness in accomplishing this task."

Mr. Marshall will attend the Professional Liability Underwriting Society's (PLUS) 2010 D&O Symposium on February 3-4, 2010, to discuss the importance of SLRA Ratings to the D&O underwriting process with attendees.

The report, titled "Securities Litigation Risk Analyst: 2009 Year-End Report," is available for free from The Corporate Library's online store at <http://www.thecorporatelibrary.com/reports.php?reportid=307&keyword=>.

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### **About The Corporate Library**

For ten years, The Corporate Library has been the leading independent research firm providing corporate governance information products, research services and data to a broad variety of clients including institutional investors, corporations, D&O liability insurers, law firms, accounting firms, executive search firms, academic institutions and the media. The Corporate Library

produces the definitive ratings of U.S. corporate boards of directors, allowing businesses that subscribe to the service to evaluate governance as an element of investment and other risk. The Corporate Library is also a leading publisher of corporate governance reports and studies, including reports on CEO employment contracts, governance practices, mutual fund proxy voting, and executive and director compensation, which its analysts compile using its extensive database of over 3,200 public companies and over 47,000 executives and directors. Additional information on The Corporate Library and its suite of online corporate governance data and analysis products can be found on its website at [www.thecorporatelibrary.com](http://www.thecorporatelibrary.com).

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