Arch | Insurance

BUSINESS ACQUISITION DISPUTE

# When termination timing raises questions...

**Claim Type:** Management Liability (Defence Costs) **Payout:** $75,000

**THE ARCH CLAIMS EXPERIENCE:**

**Thorough investigation** – Separated emotion from evidence to understand the true position

**Balanced perspective** – Recognised both our client's rights and their obligations

**Strategic defence** – Protected our client's interests whilst maintaining commercial relationships

## 1 What Happened

Our client had acquired a business, with the purchase agreement structured around milestone payments to the former owner. When performance issues emerged, our client made the difficult decision to terminate the relationship: a decision that would soon be challenged.

## 2 The Fallout

The former business owner initiated breach of contract proceedings, alleging that the termination was merely a pretext to avoid paying the agreed milestone payments. The claim put both our client's reputation and financial position at risk.

## 3 The Challenge

Our claims handler needed to untangle two distinct issues: Did our client have legitimate grounds for termination? And separately, was the claimant entitled to the milestone payments regardless? These weren't simple yes-or-no questions, and the answers would determine the path forward.

## 4 Our Approach

Arch commissioned thorough investigations into both aspects of the dispute. Working with legal and commercial advisors, we meticulously reviewed the performance issues and contractual obligations. The investigation confirmed that whilst our client had valid grounds for termination, certain milestone payments were indeed owed.

## 5 The Result

Armed with clear evidence, we were able to negotiate from a position of strength whilst acknowledging legitimate obligations. Our client was supported during every stage of this complex dispute and indemnified for defence costs totalling **$75,000**.

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