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Nationwide must pay \$10 million for contract breach

by Insurance Business | Jul 28, 2014



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A Delaware judge has ruled that Nationwide Mutual Insurance Co. must pay \$10.3 million to management services firm Northpointe Capital after the insurer was found to have breached good faith dealings following Northpointe's 2007 buyout of the insurer's majority interest in its firm.

Prior to this acquisition, Nationwide had owned 65% of Northpointe.

The agreement forged between the two companies required Nationwide to continue its asset and mutual fund management with Northpointe for a minimum of three years. The ruling found that Nationwide instead created competing funds elsewhere and ended its transactions with NorthPointe without cause.

Nationwide maintains that it behaved ethically and fairly.

"Nationwide is disappointed in the court's ruling, and we will be exploring our legal options," a spokesperson said in a statement. "Nationwide stands behind its business practices and leadership. We believe we acted appropriately throughout and in the best interest of the funds' shareholders."

Northpointe's senior investment officer, however, felt the tarnished deal severely hurt the firm's business operations.

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"Vindicated is how I feel today," Peter Cahill told The Columbus Dispatch.

"It was a long process."

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