

Australia's QBE faces shareholder class action over profit warning
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Australia's QBE Insurance Group Ltd is facing a class action lawsuit from shareholders over its profit downgrade made late last year, which will weigh on the insurer's annual general meeting due today.

Law firm Maurice Blackburn said today it intended to file a class action against QBE over its profit downgrade for the fiscal year 2013, asking shareholders to join in the lawsuit.

QBE said on December 9 it expected to post a US\$250 million (RM816 million) net loss for the year due to write-downs and unexpectedly large claims after weak crop prices hit its US operations.

The downgrade sent QBE shares plunging over 20% on that day, wiping A\$4 billion (US\$3.70 billion) off the company's market value.

Maurice Blackburn said it had been approached by investors who were concerned that QBE was "less than frank and timely" in informing the market of its troubles.

"Shareholders have potentially spent up to A\$4 per share too much for their shares in terms of the percentage of the value," Jacob Varghese, class actions principal at Maurice Blackburn, said at a press briefing in Melbourne.

Any investors who paid an inflated price would be entitled to compensation if QBE was found to have breached its disclosure obligations, the law firm said.

QBE shares, which have recovered since December, edged up 0.2% as of 2337 GMT (7.37am, Malaysia time).

QBE was not immediately available for comment. – Reuters, April 2, 2014.

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