

Landmark Victory for Anthem in High-Profile Merger Litigation

Firm News

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Morris Nichols, partnering with litigation counsel White & Case, achieved victory for Anthem in a long-running “busted deal” dispute against their former merger partner, Cigna. The case arose from the failed \$54 billion merger of the country’s second-and third-largest commercial health insurers.

The merger collapsed in 2017 after the DOJ successfully sued to block the deal on antitrust grounds. Cigna sued for the \$1.85 billion reverse-termination fee and \$14.7 billion in damages, representing the deal premium that Cigna shareholders would receive if the merger had been consummated. Anthem counter-sued to not pay the termination fee and for damages.

Early in the case, Morris Nichols served as Delaware counsel, working closely with New York co-counsel to obtain a temporary restraining order to prevent Cigna from terminating a merger agreement, and worked closely with co-counsel in months leading up to trial in February and March 2019.

In August 2020, after three years of hard-fought and closely watched litigation, Delaware’s Chancery Court ruled in Anthem’s favor, determining that Cigna breached the merger agreement and relieved Anthem of its obligation to pay the \$1.85 billion contractual termination fee. Anthem also defeated each of Cigna’s claims.

In April 2020, the Delaware Supreme Court heard arguments on Cigna’s appeal, and on May 3, 2021, affirmed the trial court’s decision and rejected bid for the \$1.85 billion termination fee.

The outcome is a great result for client Anthem and the case is one of the most significant corporate litigations in recent years, receiving significant attention from business press and the legal community.

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