

## 4th Circ. Caps Under Armour's Insurance Coverage At \$100M

By **Mark Payne**

Law360 (January 20, 2026, 3:38 PM EST) -- Under Armour's public financial forecasts and its accounting practices are a single claim under its insurers' excess policy language because they are "logically or causally related," the Fourth Circuit found Tuesday, overturning a trial court's ruling and capping the sportswear company's coverage at \$100 million.

U.S. Circuit Judge A. Marvin Quattlebaum Jr. wrote in the **opinion** that, under the "plain meaning of the parties' insurance policy," the sportswear company wasn't entitled to additional coverage under two separate policies.

"Under the policy's language, Under Armour's public financial forecasts and its accounting practices are a single claim because, as the policy defines that term, they are 'logically or causally related,'" Quattlebaum wrote for the panel. "Thus, they form a single insurance claim."

The lower court, in favoring Under Armour, had found that the financial forecasts and accounting practices constituted two claims and therefore two separate policy limits under the company's 10 excess insurance providers. Those excess insurers capped limits at \$10 million each, or \$100 million total, with two claims possibly maxing out at \$200 million.

In the underlying lawsuit dating back to February 2017, Under Armour shareholder Brian Breech filed a securities action against the company, alleging that the company "made false and/or misleading statements as well as failed to disclose material adverse facts about [Under Armour]'s business, operations and prospects."

Later that year, the U.S. Securities and Exchange Commission started an investigation into whether the company violated federal securities laws. In 2019, the U.S. Department of Justice opened a civil and criminal investigation into whether Under Armour moved sales revenue to different financial quarters to make it appear more financially healthy.

Endurance American Insurance Co. and other excess carriers, including AIG unit National Union Fire Insurance Co., covered the shareholder litigation and investigations during the 2016-2017 policy period. However, they denied coverage under the 2017-2018 policy for the government investigations and subsequent issues arising from that action.

When Endurance, later joined by the excess carriers, sued in September 2022, it sought to show that it was responsible only for the 2016-2017 policy. The insurers argued that the single or related claims provision in their policies meant that it would cover only one claim because Under Armour's actions stemmed from the same misconduct.

U.S. District Judge Richard D. Bennett held that Under Armour was covered under both policies because of an endorsement under the 2017-2018 policy. In the original provision, all claims coming from the same act shall be found to be one claim. But the endorsement said that all claims arising from the same incident that are "logically or causally related" constitute a single claim.

The Fourth Circuit panel disagreed with Bennett's logic, finding that the dispute over the endorsement's definition didn't matter.

"Even assuming without deciding that Under Armour is right, that only the endorsement language

applies, the issues involved in the government investigations are logically and causally related to those involved in the earlier claims," Judge Quattlebaum wrote.

Representatives for the parties didn't respond to requests for comment.

Under Armour is represented by Michael T. Sharkey, Jonathan G. Hardin and Molly A. Olds of Perkins Coie LLP.

The insurers are represented by attorneys from Wiley Rein LLP, DLA Piper, Werner Ahari Mangel LLP, Azrael Franz Schwab Lipowitz & Solter LLC, Kaufman Borgeest & Ryan LLP, Walker Murphy & Nelson LLP, Ropers Majeski PC, Kennedys CMK, Bailey Cavalieri LLC and Peabody & Arnold LLP.

The case is Navigators Insurance Co. et al. v. Under Armour Inc., case number 25-1068, in the U.S. Court of Appeals for the Fourth Circuit.

--Additional reporting by Hope Patti. Editing by Emma Brauer.

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