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SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN MATEO

ROBLOX CORPORATION,)	Case No. 25-CIV-05440
)	
Plaintiff,)	COMPLAINT FOR: (1) BREACH OF
)	CONTRACT; (2) BREACH OF THE
v.)	COVENANT OF GOOD FAITH
)	AND FAIR DEALING; AND (3)
ARCH SPECIALTY INSURANCE)	DECLARATORY RELIEF
COMPANY; and DOES 1-10, inclusive,)	
)	DEMAND FOR JURY TRIAL
Defendants.)	
)	
)	

Plaintiff alleges on information and belief as follows:

1. This is an insurance bad faith action arising from Defendant Arch Specialty Insurance Company's ("Arch") refusal to fully and timely pay the business interruption claim made by Plaintiff Roblox Corporation ("Roblox").

2. Plaintiff is a Nevada corporation with its principal place of business in San Mateo County, California.

3. Defendant is an insurance company authorized to transact business in the State of California, including the sale and issuance of insurance coverage to California insureds.

4. Venue is proper in this Court because a substantial part of the events, acts, omissions, and/or transactions complained of herein occurred in and/or originated from San Mateo County, California. Furthermore, the insurance contract at issue was made and performed in San Mateo County, California.

5. Plaintiff is ignorant of the true names and capacities of the Defendants named herein as Does 1 through 10, inclusive, and therefore sues these Defendants by said fictitious names. Plaintiff will amend this Complaint to allege their true names and capacities when they have been ascertained.

6. At all material times, each Defendant was acting as individuals or as agents and employees of the remaining Defendants and in doing the things hereinafter alleged was acting either individually or within the course and scope of said agency and with the permission and consent of its principal. The acts and conduct alleged herein of each Defendant were known to, authorized by, and/or ratified by the other Defendants.

BACKGROUND ALLEGATIONS

7. Roblox provides an online social gaming platform that enables users to create and disseminate videogames for other users to play. Roblox does not create the vast majority of games on its platform. Instead, Roblox provides tools for users to create the games on its platform and potentially monetize from them. In this way, Roblox could be analogized to a recording studio. Roblox provides the forum and equipment, but does not produce the content. The content, here videogames, is created by Roblox's users known as creators. Creators on Roblox are incentivized through the Developer Exchange ("DevEx") program, which allows qualified creators to cash out

1 earnings from their content on Roblox. Roblox's creator community has created a wide range of
2 diverse experiences on the platform, ranging from obstacle courses to sports events to concert
3 experiences, which are essential to Roblox's business. Every day, tens of millions of users across
4 dozens of countries log on to Roblox to play games, enjoy entertainment, and connect with their
5 friends.

6 8. Roblox generates revenue by selling a virtual currency called Robux. Roblox users
7 purchase Robux to spend on virtual items or in experiences. Nearly all of Roblox's revenue is
8 generated through the sale of Robux on its platform.

9 9. On October 28, 2021, at 1:37 p.m. (PDT), Roblox began experiencing issues with the
10 performance of its online platform. When Roblox first discovered these issues, the platform was slow,
11 but users could still access it, albeit with significant lag time. However, Roblox users soon became
12 completely unable to purchase Robux or access the platform. It took three-days to restore full
13 functionality to the platform, which was up and running on October 31, 2021, at 4:45 p.m. (PDT).
14 During this period of interruption, which occurred during a peak holiday weekend, when many Roblox
15 users make Halloween related purchases on the platform, Roblox lost millions in revenue due to the
16 inability of its users to purchase and spend Robux.

17 10. Roblox purchased expensive insurance policies to protect itself in the event its platform
18 experienced this type of interruption.

19 11. Roblox was insured under primary and excess insurance policies that provided
20 insurance coverage for Cyber Incidents. The primary policy was issued to Roblox by ACE American
21 Insurance Company ("ACE"), Policy No. D95960960, and provides a \$5,000,000 coverage limit. The
22 first excess policy was issued to Roblox by North American Capacity Insurance Company ("North
23 American"), Filing Policy No. C-4LPE-041679-CEPMM-2021, and provides a \$5,000,000 coverage
24 limit excess of \$5,000,000. The second excess policy was issued to Roblox by Defendant Arch, Policy
25 No. NPL0066337-00, and provides a \$5,000,000 coverage limit excess of \$10,000,000. The third
26 excess policy was issued by Zurich American Insurance Company ("Zurich"), Policy No. SPR
27 9580866-00, and provides a \$5,000,000 coverage limit excess of \$15,000,000. In total, the policies
28 provided \$20,000,000 in coverage to Roblox for Cyber Incidents.

12. A visual representation of the coverage available to Roblox is set forth below:

20M	Zurich American Insurance Company Third Level Excess Policy \$5,000,000 Limit
15M	Arch Specialty Insurance Company Second Level Excess Policy \$5,000,000 Limit
10M	North American Capacity Insurance Company First Level Excess Policy \$5,000,000 Limit
5M	ACE American Insurance Company Primary Policy \$5,000,000 Limit

13. Each primary and excess policy was in effect for the period of March 12, 2021 to March 12, 2022, during which time the system interruption occurred.

14. The insuring agreement of ACE’s primary policy provides coverage for Business Interruption and Extra Expenses. The policy provides, in relevant part, that ACE will pay “the **Business Interruption Loss** and **Extra Expenses** incurred by an **Insured** during the **Period of Restoration** resulting directly from a **Cyber Incident** which first occurs during the **Policy Period**, plus after the expiration of the **Observation Period**, any resulting **Customer Attrition Expenses** and **Customer Attrition Loss** incurred by the **Insured** during the **Period of Attrition**[.]”

15. “**Business Interruption Loss**” is defined by the policy to mean “1. The **insured’s** continuing normal operating and payroll expenses; and 2. The difference between the amount of the **insured’s** net profit actually earned before income taxes and the amount of the **Insured’s** net profit that would have been earned before income taxes had no **Interruption in Service** of the **Insured’s Computer System** occurred.”

16. “**Extra Expenses**” is defined by the policy to include, “with the **Insurer’s** prior

consent, costs incurred by an **Insured** to retain the services of a third-party forensic accounting firm to determine the amount of **Business Interruption Loss** or **Contingent Business Interruption Loss**.”

17. The policy requires that the **Business Interruption Loss** be “determined taking full account and due consideration of such proof of loss and the trends or circumstances which affect the profitability of the business and would have affected the profitability of the business had the **Business Interruption Loss** ... not occurred, including all material changes in market conditions or adjustment expenses which would affect the net profit generated.”

18. The excess policies each follow the same terms and conditions of the primary policy. The insuring agreement of Arch’s excess policy states that: “This Policy provides excess coverage after exhaustion of the **Underlying Limit**. Except as otherwise provided in this Policy, coverage under this Policy shall follow form to, and apply in conformance with, the provisions of the **Primary Policy** as of the inception of this Policy.” Thus, Arch’s policy not only “follows form” to provide coverage under the same terms and conditions as ACE’s primary policy, but Arch’s policy must also “apply” in the same way that ACE applies its primary policy.

19. After full functionality was restored to its platform on October 31, 2021, Roblox, through its insurance broker, made a claim to its insurance carriers including Defendant Arch for the losses it suffered during the period of interruption.

20. ACE, Roblox’s primary carrier, recommended that Charles River Associates (“CRA”) assist with quantifying the amount of Roblox’s business interruption loss. CRA is regularly retained by insurance companies, including ACE and Arch, to calculate business interruption losses. CRA is also listed as a pre-approved panel vendor for both ACE and Arch.

21. Pursuant to the carrier’s recommendation, CRA was retained to calculate Roblox’s business interruption losses. No carrier objected to CRA’s retention.

22. On July 14, 2022, CRA issued a report which concluded that Roblox’s business interruption loss was \$15,562,848. The report was immediately provided to the carriers.

23. Following receipt of the CRA’s report, ACE determined that the loss was a covered Cyber Incident under its primary policy and accepted CRA’s findings to pay Roblox its full

1 \$5,000,000 limit. North American similarly determined that the loss was a covered Cyber Incident
2 under its first excess layer policy and paid Roblox its full \$5,000,000 limit.

3 24. Arch, however, refused to pay its policy limit in accordance with CRA's analysis. Arch
4 agreed that the loss experienced by Roblox was a covered Cyber Incident under its excess policy. But
5 instead of applying the policy in the same manner as ACE, who recommended and accepted CRA's
6 findings, Arch rejected those findings and sought to undermine Roblox's losses by retaining a second
7 forensic accounting firm Matson, Driscoll & Damico ("MDD") to quantify the loss. MDD, under the
8 direction of Arch, recalculated Roblox's business interruption loss at \$10,540,593.

9 25. On January 19, 2024, after significant delay, Arch agreed to pay Roblox only \$540,593,
10 instead of the full \$5,000,000 limit that was owed under its excess policy.

11 26. Arch had no reasonable basis for refusing to pay its full \$5,000,000 policy limits. The
12 loss analysis performed by MDD was obviously flawed, and Arch's purported reliance on the MDD
13 analysis to underpay Plaintiff's claim was wrongful. First, MDD deliberately undervalued the amount
14 of Roblox's loss by manipulating the growth rates used to calculate the losses during the period of
15 interruption. Whereas CRA used a 3-month-pre-loss trend to calculate the losses, MDD used a
16 combined 2-month pre-loss trend and 2-month post-loss lost trend. This is not a reasonable or standard
17 practice for calculating losses. Sales often decrease in the wake of a widespread outage. It makes no
18 sense to use post-outage sales rates to calculate what sales would have been had no outage occurred as
19 required by the plain terms of the policy. Second, MDD improperly treated developer "DevEx"
20 expenses as a noncontinuing expense at Arch's direction. This is not allowed under the policy. These
21 developer expenses are continuing normal operating expenses, and Arch is required by the plain
22 language of the policy to consider and pay for these expenses. MDD's exclusion of these expenses
23 from its analysis is improper. Third, Arch was bound to apply the policy in the same manner as its
24 primary carrier ACE, who recommended and adopted CRA's analysis. Arch's decision to reject that
25 analysis is a violation of its policy. Arch knew that proceeding with MDD's analysis was improper
26 and wrongful, but adopted it nonetheless, in order to undermine a known legitimate claim.

27 27. Following Arch's denial of benefits, Roblox, through counsel, wrote to Arch demanding
28 payment of full benefits including Extra Expenses that were wrongfully withheld. Arch, however,

1 refused to conduct any additional investigation, reconsider its position, or make payment of the
2 additional benefits that it owed.

3 28. Roblox also demanded that Arch participate in mediation pursuant to the Alternative
4 Dispute Resolution provision of the policy. The mediation was held on May 21, 2025. The matter did
5 not resolve, and the mediation was deemed concluded that same day. Plaintiff brought this action sixty
6 (60) days after the conclusion of that mediation session in conformity with the Alternative Dispute
7 Resolution provision of the policy.

8 29. As a result of the actions of Defendants, and each of them, Roblox has thus been denied
9 policy benefits to which it is entitled.

10 30. As a result of the actions of Defendants, and each of them, Roblox has been forced to
11 engage the services of legal counsel for the purpose of obtaining its insurance benefits and has suffered
12 other consequential loss.

13 31. At all material times herein Defendants, and each of them, have engaged in conduct that
14 was oppressive, fraudulent, and malicious within the meaning of Civil Code §3294, and are liable for
15 exemplary damages in an amount to be shown at trial.

16 **FIRST CAUSE OF ACTION**

17 **BREACH OF CONTRACT**

18 **(Against Defendant Arch and Does 1-10)**

19 32. Plaintiff refers to all preceding paragraphs and incorporates them as if set forth in full in
20 this cause of action.

21 33. At all material times herein, Defendant Arch issued an excess insurance policy to
22 Plaintiff providing coverage for Cyber Incidents as aforesaid.

23 34. Plaintiff has complied with all material conditions required under the terms of the
24 policy.

25 35. On or about October 28, 2021 to October 31, 2021, Plaintiff suffered a Cyber Incident
26 that resulted in a covered loss under the policy. Plaintiff is entitled to payment of the full policy
27 benefits owed under the policy as aforesaid. Defendants are estopped from asserting and have waived
28 all contractual provisions, if any, purporting to limit their obligation to pay full benefits.

1 with the knowledge that said delays and denials were and are wrongful and contrary to their
2 obligations under their policy and the law;

3 F. Consciously and unreasonably failing to investigate Plaintiff's claim fairly and
4 in good faith and refusing to give Plaintiff's interests at least as much consideration as they gave to
5 their own interests;

6 G. Consciously and unreasonably failing to adopt and implement reasonable or
7 proper standards applicable to the prompt and fair investigation and processing of Plaintiff's claim
8 under the policy;

9 H. Consciously and unreasonably refusing to pay Plaintiff's claim with the
10 knowledge that Plaintiff's claim is payable under the policy and with the intent of saving them money
11 at Plaintiff's expense;

12 I. Consciously and unreasonably adopting a position and interpretation of the
13 policy which it knew to be improper and was at odds with the express language of its own policy for
14 the purpose of denying Plaintiff's benefits; and

15 J. Consciously and unreasonably interpreting information available to it in such a
16 way as would justify the reduction of benefits even though Defendants knew that such interpretation
17 was contrary to the policy and was wrongful.

18 41. Defendants unreasonably prolonged the investigation of the claim and unreasonably
19 withheld the full amount of benefits due under the Policy. Defendants have a pattern and practice of
20 engaging in the same type of wrongful conduct that they engaged in with respect to Plaintiff's claim in
21 an improper attempt to boost their own profits.

22 42. As a legal and proximate result of Defendants' actions, Plaintiff has been damaged as
23 set forth in paragraphs 29 and 30 above. Further, Plaintiff seeks punitive damages from the
24 Defendants, and each of them, as set forth in paragraph 31 above.

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1 **THIRD CAUSE OF ACTION**

2 **DECLARATORY RELIEF**

3 **(Against Defendant Arch and Does 1-10)**

4 43. Plaintiff refers to all preceding paragraphs and incorporates them as if set forth in full in
5 this cause of action.

6 44. Arch has refused to make available to Plaintiff the full \$5,000,000 limit of its policy for
7 covered Business Interruption and Extra Expense losses. Plaintiff has duly complied with all the
8 material terms and conditions of the policy and is entitled to payment of the policy limits.

9 45. An actual controversy of a justiciable nature exists between Plaintiff on the one hand
10 and Arch on the other over Plaintiff's and Arch's rights, duties, and obligations arising out of terms,
11 conditions, exclusions, and limitations of the Arch policy regarding coverage for losses sustained by
12 Plaintiff in excess of the applicable underlying insurance. Plaintiff claims that it is entitled to payment
13 of the full \$5,000,000 limits of Arch's policy. Arch has taken the position that it is not required to
14 apply the policy in the same fashion as its primary carrier ACE and thus is only required to pay
15 \$540,593 of its policy limits. Arch has also taken the position that none of the Extra Expense losses
16 are payable under any policy. Plaintiff disagrees with Arch's coverage position as it is contrary to the
17 plain language of the policy and California law.

18 46. Plaintiff desires and is entitled to a judicial declaration of the rights, duties, and
19 obligations of Arch under its policy and a judgment that Arch is obligated to pay Plaintiff for all
20 covered losses under the Arch policy up to its \$5,000,000 policy limits.

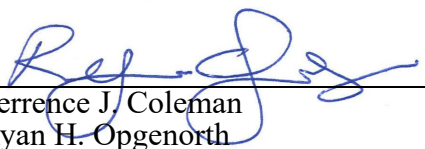
21 WHEREFORE, Plaintiff prays as follows:

- 22 1. For damages according to proof;
23 2. For general damages according to proof;
24 3. For exemplary damages according to proof;
25 4. For attorneys' fees and costs of suit incurred herein; and
26 5. For such other and further relief as the Court may find appropriate.
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1 Dated: July 21, 2025

PILLSBURY & COLEMAN, LLP

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3 By:


Terrence J. Coleman
Ryan H. Opgenorth
William A. Foster

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5 Attorneys for Plaintiff,
6 ROBLOX CORPORATION
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