

ExecutivePerils

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dba: Executive Perils Insurance Services

PROFESSIONAL LIABILITY CLAIMS EXAMPLES

REAL ESTATE AGENT:

A Real Estate Agent represents a prospective purchaser of residential property. After the closing, various problems are identified in connection with the property. In addition to bringing suit against the seller of the property, the purchaser sues the real estate professional, claiming that he negligently failed to disclose the defective conditions prior to closing.

PROPERTY APPRAISER:

A Property Appraiser appraises property on behalf of a bank in connection with the issuance of a residential mortgage. When the purchaser fails to pay its mortgage and the bank forecloses, it discovers that the value of the property is insufficient to cover the outstanding mortgage. The bank brings suit against the appraiser, contending that it failed to use due care in determining the value of the property at the time of the issuance of the mortgage.

ADVERTISING AGENCY:

An Advertising Agency develops a video to be presented at its client's annual shareholder meeting. The video is also to be distributed to the client's customers. The video has technical difficulties, and negatively affects the shareholder presentation. The client brings suit against the advertising agency alleging that the poor showing of the video resulted in damage to its reputation and a consequential loss in sales.

FRANCHISOR:

A Franchisor terminates a franchise agreement with one of its franchisees for failure to make royalty payments. The franchisee makes a counter-claim against the franchisor for breach of contract. The franchisee claims it was not able to make royalty payments because the business was failing due to the franchisor's failure to conduct sufficient advertising and to provide promised training.

PROPERTY MANAGER:

A Property Manager has assumed the obligation to pay property taxes on its client's commercial building. The property manager fails to make these payments in a timely manner, and its client is assessed with a fine and a penalty. The property owner makes a claim against the property manager, requesting that it pay the fine and penalty on the client's behalf.

LOAN BROKER:

A Loan Broker is retained to purchase a portfolio of loans on its client's behalf. The client provides the loan broker with written guidelines, setting forth the class of loans to be

purchased. When many of the loans go into default, the client sues the loan broker, contending that the loans were not in conformity with the guidelines provided.

MORTGAGE BROKER:

A Mortgage Broker is requested to lock in a certain interest rate on behalf of a client. The Mortgage Broker fails to act in a timely manner and in the interim interest rates rise. The client is forced to accept the higher interest rate resulting in additional costs. The client sues the mortgage broker to recover the damages.

BUSINESS BROKER:

A Business Broker is retained to value a company and assist in selling the company. The Business Broker does not understand the industry in which the firm operates and as a result undervalues the firm. The firm is then sold at the lower valuation. After the sale, information comes to light that the business was undervalued. The sellers sue the Business Broker for not maximizing the value of the firm.

WEB SITE DEVELOPER:

A Web Site Developer is retained to set up an e-commerce site for a toy company. The developer's tests of the system repeatedly fail and they do not meet established deadlines. The system is not on-line and functional for the Christmas season. The toy company sues for loss of revenue as a result of missing the Christmas season revenue.

This claims examples are provided for discussion purposes only. Please seek a legal opinion when determining insurance coverage.