

Claim Scenarios

- A customer requested automobile liability coverage to begin on January 1st. However, the agent misplaced the application and started the coverage effective January 10th. On January 11th, the agent learned that on January 8th, the customer was responsible for a three-car accident that killed two people. The agent was held liable for the total amount (\$500,000) of liability coverage requested by the customer as of January 1st
- Alleged Failure to Properly Add an Additional Insured to a GL Policy: An agent places general liability coverage for a roofing subcontractor and issues a certificate of insurance naming the general contractor as an additional insured but failed to follow through with the GL carrier to endorse the policy accordingly. On the jobsite, an accident occurs when an employee, a subcontractor of the roofing contractor falls four stories while working on the roof. The employee dies on the way to the hospital. The general contractor brings a third party suit against the agent's E&O policy. The E&O policy responds by dropping down and defending the general contractor because they were not properly placed as an additional insured on the subcontractor's policy. Total amount paid including defense costs was \$150,000.
- Negligence: An insurance agent places a routine general liability policy for an upscale mens formal clothing store, but fails to inform the store owner that the general liability policy has an employment practices liability exclusion, and, furthermore, fails to inform the store owner that employment practices coverage was available for purchase. Six months after the policy, the clothing store is sued for discrimination when a woman is not hired based on a long-standing tradition of hiring male tailors only. The store's lawyer immediately looks for an employment practices policy, but found none. The store pays \$100,000 in defense costs and damages, which they recover from the insurance agent for failing to inform the store about employment practices liability coverage.
- Alleged Failure to Place Proper Coverage: A homeowner places coverage through an agent who secures a standard HO-3 policy. The home is located on lake front property. Since the home is not located in a flood zone, the agent advises that a separate flood policy is not needed and that they have adequate coverage with the HO-3. Heavy storms result in floodwater run-off from the lake, which enters the insured's home damaging the contents of their finished basement. Because the plaintiff alleges that their agent told them they did not have a need for flood coverage, suit is filed for damages. The insured denies these allegations. As a result, the coverage is triggered and used to defend the agent during the trial. Total amount paid including defense costs exceeded 245,000

These scenarios are not intended to be interpreted as coverage positions. Coverage for any given claim is based upon its facts and the specific terms and conditions of the policy.