

Claims Scenarios

Errors & Omissions

When managing claims, Chubb's Claims Specialists are attentive to every detail. Based on our extensive claims experience across our suite of professional liability products and solutions, we are able to provide early and effective claims handling while maintaining superior customer service.

Claim Scenario Details

Technology, E&O

✓ **Description of Event:** An information technology company was retained to design and build an integrated software platform to be used across all aspects of its client's business. After the first phase of the software went live, it became apparent that the software platform lacked the functionality specified by the client and contained many design and coding defects. This in turn led to significant delays in the operation of the client's business during its peak season.

✓ **Resolution:** The client initially sought to recover in excess of \$100M, primarily consisting of additional costs to remedy and fully implement the software. Following significant discovery, the claim was resolved for approximately \$20M with defense costs totaling \$2M.

✓ **Description of Event:** An independent adjuster was retained to adjust a property damage claim following a water leak. Based on a visual inspection of the property, the adjuster identified no evidence of mold but did acknowledge the need to repair the water damage. The homeowner alleged the adjuster did not properly inspect the property, which he said would have evidenced the presence of mold. It was also alleged the adjuster was not qualified to investigate and adjust the claim as he was not a mold expert.

✓ **Resolution:** The claim was settled for approximately \$1M with defense costs totaling \$50,000.

Architects & Engineers, E&O

✓ **Description of Event:** The Insured provided architectural and engineering design services for a condominium that experienced cost overruns and delays. The property developer filed an arbitration demand against the Insured alleging the Insured under-designed the HVAC system, failed to timely respond to requests for information, and failed to comply with approved budgets. The property developer initially sought over \$12 million in damages from the Insured.

✓ **Resolution:** The Insured faced significant potential liability due in large part to poor contractual wording and contradictory expert testimony regarding key issues in the dispute. The matter ultimately resolved following several mediation sessions for \$2M plus approximately \$400,000 in defense costs.

Miscellaneous Professional Liability, E&O

Claim Scenario Details

Media

✓ **Description of Event:** The Insured is an independent book publisher. The Insured and the authors of a book were sued by an individual who was involved in a trial discussed in the book. The plaintiff claimed that he was defamed and placed in a false light in the book.

✓ **Resolution:** After discovery commenced, it became clear that many of the sources for the information in the book were unwilling to come forward publicly. The claim settled for approximately \$300,000 after incurring \$400,000 in defense expenses.

Public Entity Liability

✓ **Description of Event:** Class action complaint alleging the Insured, a public entity, failed to provide proper notice of a decrease in certain subsidized payments in violation of Plaintiffs' statutory federal and state due process rights.

✓ **Resolution:** Following protracted litigation, the claim was settled for approximately \$10M. An additional \$2M was spent on defense costs.

Contact Us

For more information on Chubb Professional Liability insurance solutions, contact your local agent or visit www.chubb.com/us/professionalliability.

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The claim scenarios described here are hypothetical and are offered solely to illustrate the types of situations that may result in claims. These scenarios are not based on actual claims and should not be compared to actual claims. The precise coverage afforded by any insurer is subject to the terms and conditions of the policies as issued. Whether or to what extent a particular loss is covered depends on the facts and circumstances of the loss, the terms and conditions of the policy as issued and applicable law. Chubb is the marketing name used to refer to subsidiaries of Chubb Limited providing insurance and related services. For a list of these subsidiaries, please visit our website at www.chubb.com. In the United States, insurance is provided by ACE American Insurance Company and its U.S. based Chubb underwriting company affiliates. Surplus lines insurance is sold only through licensed surplus lines producers. All products may not be available in all states. This communication contains product summaries only. This literature is descriptive only. Coverage is subject to the language of the policies as actually issued. Claims examples are based on actual US cases, composites of actual cases, or hypothetical situations. Resolution amounts are approximations of both actual and anticipated loss and defense costs. Facts may have been changed to protect confidentiality. ©2019 30-01-0087 (Ed. 02/19)