

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 by a client to streamline its business operations within a single software system. Following multiple years of development, the system went live across the client's stores. It was later alleged the software lacked the required functionality and contained critical defects, such as a failure to properly track incoming and outgoing inventory and issue corresponding invoices.
- ✓ **Resolution:** The client sought damages in excess of \$5M. The claim was ultimately resolved for approximately \$2M with defense costs totaling \$200K.

- ✓ **Description of Event:** The Insured provided architectural and engineering design services for a condominium project with substantial building defects. The condominium association filed a lawsuit alleging the Insured negligently prepared its design and caused numerous issues, including problems with the pool deck, stucco, drywall cracking, waterproofing, and noise transmission between units. The association sought over \$18 million in damages from the Insured.
- ✓ **Resolution:** The Insured faced significant potential liability due in large part to the scope of the project, potential for jury confusion, and contradictory expert testimony regarding key issues in dispute. The matter ultimately resolved for approximately \$800K plus \$400K in defense costs.

Architects & Engineers, E&O

Miscellaneous Professional Liability, E&O

- ✓ **Description of Event:** The Insured tax preparer failed to timely submit appropriate tax filings resulting in the assessment of interest and penalties by the IRS. The client sought payment from the Insured of the fines and penalties plus its attorney's fees.
- ✓ **Resolution:** A resolution was reached with the payment of approximately \$500k to the client plus \$20k in defense expenses.

Claim Scenario Details

- ❖ **Description of Event:** A law firm sought to increase its electronic storage space and upgrade the security of its confidential documents. The Insured was retained and installed a network attached storage device. A year later, a third party gained access to the confidential documents through an open port. The law firm alleged a VPN should have been connected to the storage device to close the port and prevent unauthorized access. The law firm sought over \$3M in lost income arising from the loss of clients following the adverse publicity surrounding the incident.
- ❖ **Resolution:** The claim was mediated and resolved for approximately \$800k plus \$100k in defense costs.

Technology, E&O

Employed Lawyers Liability

- ❖ **Description of Event:** A large family-owned organization amended the provisions of an agreement regarding the payoff of loans from the organization to family members. Claimant sued the organization's employed lawyer for negligence, misrepresentation, and breach of fiduciary duty, contending that the employed lawyer failed to disclose the amended payoff provisions and acted in concert with other family members to induce claimant to sign the amended provisions.
- ❖ **Resolution:** Following discovery, the claim was dismissed by summary judgment motion, which was then appealed. Costs through the appeal are approximately \$300k.

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.

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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.

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