



Specified Professions

Claim Examples

▼ Mortgage Broker

A mortgage broker firm sells loans with the slogan “As Low as You Can Go” on their letterhead and marketing materials. In addition, the firm’s employed brokers proudly confirm this slogan verbally to customers. The firm, in its third year in business, has been successful using about ten different financial institutions with whom the principal has made business contacts during the course of her twenty years in the mortgage business. A homebuyer purchases a home with a 7.25% mortgage rate and no points obtained through the mortgage broker. The homebuyer had seen a 6.75% mortgage rate with a local bank advertised in the newspaper, but the mortgage broker did not count the local bank among its ten financial institutions and insisted that the advertised loan included points. Two weeks after the homebuyer moved in, a family moved into the house across the street. The family informed the homebuyer that they were paying 6.75% on their mortgage, without points, with the same local bank that had advertised the rate. The homebuyer investigates, finds that he is financially equivalent to the family and that, indeed, they are paying 6.75% without points. Such a difference equals at least a \$30,000 difference over the life of the loan. The homebuyer sues the mortgage broker for misrepresentation.

▼ Claims Adjuster

An independent claims adjuster is contracted by an insurance carrier specializing in Boiler and Machinery coverage to investigate and settle a breakdown of refrigeration equipment in a meat packing plant. The broken refrigerator serves a full one-third of the plant. The refrigerator is not fixed for five days, the length of time it takes the claims adjuster to investigate and settle the claim. \$500,000 of inventory is spoiled and the insured sues the claims adjuster and the insurance carrier. Although the court finds that the claims adjuster does not owe a duty to the insured and is found not liable for damages to the insured, the claims adjuster still spends \$15,000 defending itself. In addition, the insurance carrier is threatening legal action.

▼ Human Resources Consultant

A human resources consultant who is a specialist in employment regulations, policies and procedures for East coast companies wins a contract for a company in a small Midwestern town. The state in which the company is located recently passed extremely strict legislation requiring the workplace posting of a five-step method of reporting and responding to employment discrimination to which management must be closely adhere. The human resources consultant is not aware of the change and does not inform the company about the posting requirement. Shortly after the engagement of the human resources consultant is over, five employees sue the company for discrimination. They are demanding \$100,000 each and have a very strong case as the five-step method was not followed. The company sues the human resources consultant for negligence.

▼ Management Consultant

A management consultant specializing in distribution efficiency is hired to reduce the cost of distribution for a retail baked goods company. He advises the company to concentrate on baking and packaging, sell their trucking unit, contract with a trucking company specializing in food distribution and cut their distribution to a 500 mile radius. He works closely with the company to complete the changes by June 30, the end of their fiscal year. Trucking companies demand more money for their service than first anticipated as the price of gasoline rises higher in June than anticipated, and extended negotiations delay the distribution of the company’s flagship product, their Independence Day- themed cupcakes, which do not arrive in supermarkets in time for the Fourth of July holiday. A rival’s similar product capitalizes on the lack of the company’s flagship product and thereafter dominates the holiday baked goods market in that region. The management consultant is sued for negligence and \$100,000 in damages.

▼ Travel Agency

A travel agency counts among its clients a growing Manhattan software firm which specializes in billing software. After two years in development, the president of the software firm is finally ready to personally unveil software which she believes is superior to the market leader. The travel agent arranges the flights and hotels for the firm’s president and three software developers to attend the annual national conference of billing information technology specialists in Hawaii, but fails to inform the foursome that their flight had been rerouted a week earlier to leave from LaGuardia instead of Kennedy airport. As a result, they miss their allotted time for the presentation and their product never gets the initial boost it needs. The software firm sues the travel agent for \$250,000 for a loss of business opportunity.

This document is issued as an aid to assist you in your overall understanding of the types of claims, which may be filed under the United States Liability Insurance Group’s Consultants Package Policy. This is not part of any insurance contract and confers no right upon you. This document does not amend, extend, or alter the coverage afforded by the policy. For a complete understanding of any insurance you purchase, you must read your Policy, Declarations Page, and any endorsements, and discuss them with your broker. Your actual policy terms and conditions may be amended by endorsement or affected by state laws.