

## **Adjusters**

Plaintiffs' home was damaged by Hurricane Katrina. The homeowners insurance carrier hired the insured to adjust the damage. The plaintiffs submitted estimates of \$66,000. The insured recommended a loss of \$11,000. Plaintiffs sued the carrier and the insured for improperly and negligently adjusting and estimating the damages to their home, seeking damages over \$50,000.

Plaintiffs' mobile home roof was damaged by a June wind storm. The insurance carrier hired the insured to adjust the damage. Plaintiffs disagreed with the adjusted value of the loss and brought suit for negligence and improper adjustment of their home. They also alleged that the insured delayed their adjustment and caused further water damage to the interior of the mobile home, seeking damages in excess of \$100,000.

A carrier hired an adjuster to investigate a workers comp claim in which an 18 year old man had been blinded by ammonia when he disassembled a spraying unit. When the parties sought to introduce the sprayer as evidence, the employer advised he had disposed of the unit, alleging that the adjuster had told him to. The adjuster then was brought into the suit and because the inability to introduce the sprayer affected the case so significantly, the law pertaining to spoliation of evidence, and the gravity of the plaintiff's injury, the adjuster's carrier paid over \$3 million to settle, after a very expensive defense.

An adjuster hired by the insurance carrier of a trucking firm negotiated a settlement under \$50,000 for a claim which involved a trucker who fell asleep and struck a parked car, killing an undocumented immigrant and injuring four others. The decedent's parents sued, alleging they had been coerced into settling for too little. The adjuster's carrier defended and paid an additional settlement of about \$40,000. Answering Service The answering service accidentally loses the data collected for the previous day. This data included contact information for potential new clients of a dentist's office. Dentist's office makes claim for lost profits/business opportunities.

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## **Audio/Visual Consulting**

The insured edited and formatted a video presentation for a client, charging about \$12,000. The client did not pay so the insured filed a collection action against the client. The client filed a counter-claim against the insured alleging the work did not meet the client's expectations based upon the insured's representations, seeking unspecified damages.

The insured created an audio/visual presentation to be presented to a jury at trial for a plaintiff's attorney in a medical malpractice case. The insured misplaced the video and the evidence supporting the video. The jury awarded a defense verdict. Plaintiffs sued the attorney for malpractice. The attorney made a claim against the insured not only for the amount of the defense verdict damages, but also the speculative damages the attorney believes he would have won if he had been able to show the video presentation and evidence to the jury. Damages sought were over \$600,000.

## **Bookkeeper/Record Keeping**

Bookkeeper for company fails at keeping an accurate accounting of profits for small ma and pop company. Tax returns are prepared and later audited by IRS discovering that company made more money than reported, and thus, is delinquent on taxes owed. IRS brings action against company to collect back taxes, penalties and interest.

## **Call Center**

A call center refers callers to a local repair facility to resolve issues that cannot be resolved over the phone. A class action is filed against the call center alleging that the local repair facility (now bankrupt) was incompetent and failed to provide the services for which they were paid.

## **Consultants: Information Technology Services for Others**

A software developer created an inventory and subscription program for a large public library system. The library alleged the program did not perform as promised by the developer. After several attempts by the developer to modify the program and appease the library, the library sued. The case resulted in years of sizable defense costs and delayed the deployment of the software. Eventually the case was settled in the software developer's favor, once they were able to show they had "fixed" the problems. Unfortunately the software was outdated by then, so the fix included providing the library system an updated program for no additional revenue.

A data processor created a special software program to mail several million seasonal catalogs for a retail client. The program malfunctioned, the catalogs went to the wrong addresses and the retailer claimed nearly \$1 million in damages, including lost profits and loss of goodwill. The data processor's carrier paid over \$500,000.

Billing software sold by a data processor to a utility company did not process billing as quickly as promised. The utility sued for \$5 million for the cost to correct the problem, but the case settled for \$500,000.

After a serious automobile collision at an intersection, both drivers, one west-bound and one south-bound, claimed to have had a green light. The drivers sued the company which had programmed the computer systems for changing the lights. Because its policy had a bodily injury/property damage endorsement, the carrier paid for the defense and settled with both plaintiffs.

## **Dance Instructor**

A Dance Instructor represents that he is an expert ballroom dance instructor. Claimant couple alleges that the Instructor was actually incompetent which caused them to lose a prestigious national dance competition which would have lead to lucrative sponsorships and other commercial opportunities.

## **Data Storage**

A company storing data for others either electronic or traditionally could lose the data, accidentally destroy it or release it to the wrong party. Lost data could result in damages to the client who would then sue the storage company for damages. By accidentally giving the data to the wrong party any number of problems could occur giving rise to a claim.

## **Document Shredder**

A document shredding company picked up the wrong batch of papers at a law firm and shredded them. The firm could be sued by their clients for the damages caused by the destruction of evidence and documents. The law firm would seek compensation for damages and cost of defense.

## **Event Management**

Claimant alleged that the event management company failed to reserve adequate hotel and seminar space, causing lower event registration and damage to claimant's reputation.

Claimants have also alleged inadequate staffing of the event or other problems with the location of the event with the same damages (lower attendance and/or loss of reputation) as in the first example above.

Claimant alleged that the event management company violated the confidentiality provisions of its agreement with claimant by providing confidential information about the claimant's event and organization to claimant's competitors.

## **Graphic Design**

Client alleged Graphic designer lost original images provided by client for use in graphic design work. The loss resulted in a delay in production of a catalog and the client claimed over \$500,000 in lost business and other damages as a result.

Graphic designer created "technical elements" including screen layouts and templates for client's online newsletter. Another sub-contractor on the project sued the client for copyright infringement for two issues of the newsletter. Client sued the graphic designer alleging it obtained the content at issue from the designer who warranted that all creative work product included in the technical elements would be original and non infringing. Total cost of claim: \$217,000.

Graphic designer accidentally put an incorrect telephone number on a mailing advertisement it designed for a client. Client alleged lost sales and expenses that may result in bankruptcy.

Graphic designer created documents for a client for the operation of a postal tracking system. These were erroneously marked with serial numbers that had already been allocated to previous trading documents. The error cost \$100,000 to correct.

Graphic designer selected a font color for a catalog that was too dark to be read and the catalog had to be reprinted.

Plaintiff photographer alleged graphic designer made unauthorized reprints of his photographs and failed to compensate plaintiff for this use. Plaintiff alleged copyright infringement, violation of consumer fraud/deceptive business practices, and common law fraud.

## **Insurance Services**

An insurance inspector is hired to photograph and report on properties by an insurance company. The inspector inspects a large number of wrong houses and no changes are made in the underwriting process. It turns out many of the houses were vacant and the insurance company brought a case against the inspector for the difference in premium that should have been charging had they had the correct reports.

A premium auditor is hired by an insurance company to review financial statements to adjust auditable premiums. Based on an error in the auditor's review of the company's payroll, the insurance company brings a claim because they should have been entitled to 20% more premium.

## **Interior Designer/Decorators**

Claim made against an interior designer for selection of lighting which turned out to be inadequate. Demand was made for insured to pay for replacement lighting.

- In a similar but unrelated claim, the lighting recommended by the interior designer was not UL approved and had to be replaced when it did not pass inspection. A claim was made against the insured for the replacement cost.
- We have had three separate claims against interior designers (and others responsible for the design) by handicapped plaintiffs alleging that the design of a particular building did not comply with the American with Disabilities Act.
- Interior designer recommended and ordered carpet from specialty manufacturer in England. The carpet turned out to be defective, but the manufacturer had gone out of business leaving the interior designer responsible for replacement.

## **Medical Billers**

Client of insured medical billing company, alleged negligent billing practices including delay in billing, coding errors and failure to follow up, caused them damages in excess of \$1,000,000. Total damages and defense costs exceeded \$325,000.

Pathology company alleged that medical billing company failed to timely submit claims to the State of Illinois, resulting in lost revenues exceeding \$300,000. Claim was resolved with nearly \$85,000 paid for damages and defense costs.

Class action lawsuit alleging insured medical billing company charged more than the statutory amount for copies of medical records. Case resolved after paying \$80,000 in damages and defense costs.

Insured performed medical billing services for plaintiff. Plaintiff alleges insured did not follow established billing protocol, failed to timely bill/collect, and breached the agreement between the parties.

Insured medical billing company sent a collection letter out to all patients who hadn't paid a bill. Unfortunately, they used their own letterhead and did not include debt collection language required by the Fair Debt Collection Practices Act.

In programming client's account/program so that the insurer wouldn't be billed for pain management services (which was being billed by another entity) insured medical billing company inadvertently set its system so that it did not bill for anesthesiology services.

Claimant alleges that insured failed to register its doctors for a special program by BCBS that would have paid an additional 25%.

Insured provided billing services for claimant. Some of claimant's nurse practitioner's billing was incorrectly coded as "incident to" as opposed to "direct provider," and claimant filed suit to collect legal fees and other costs associated with this billing error.

## **Marketing Consulting/Market Research Firms**

A baby food company retained a marketing consultant to direct television stations to the most effective times to air its commercials. Due to the consultant's clerical error, the wrong ads were televised, so that some products unavailable in certain areas were advertised in those areas, and some products were advertised at the wrong time of day. The marketing consultant's carrier negotiated and settled the baby food company's \$100,000 claim for \$85,000 but not before defense costs of over \$50,000 had been incurred.

A marketing consultant prepared a list of random telephone numbers to be randomly broken into four lists and sent to four field services for a market research project. The consultant mistakenly sent the same list to two of the four services, so that one list was never sent at all. Furthermore, the lists that were sent were sorted by county, thus were not completely random. As a result, the data was unusable. The marketing consultant's insurance carrier paid \$50,000 to settle the claim.

## **Office Management**

The insured was hired by a new company (client) to locate space and negotiate a lease. The company struggled and ultimately failed within 6 months of opening its doors. The landlord filed a collection suit against the client for the remaining 30 months on the lease. The client brought a 3rd party complaint against the insured, claiming the insured was negligent in negotiating such a long lease for an untested business and also alleged that the business failed in part because the insured selected a terrible location and the space wasn't appropriate for this particular business. The damages sought were lost profits and the 30 months of rent.

The insured was hired as office manager for a custom furniture builder. One of the employees was injured during the course of business and filed a workers comp claim. The furniture builder discovered it did not have workers comp insurance and filed suit against the insured, alleging they breached their responsibility to handle the administrative duties, such as obtaining proper insurance. The amount of damages sought was for medical treatment of just over \$17,000.

The insured was hired as office manager for a call-center client. Part of their responsibility was to have the business fully staffed and with the proper equipment prior to the opening. The opening had to be delayed by 6 weeks because of delays in staffing and equipment problems. As a result, the client lost one of its suppliers and sought 6 weeks of lost profits from the insured for their delay, along with indemnification for the damages sought by the supplier for breach of contract. Total damages sought were in excess of \$450,000.

## **Pet Related Services**

Animal groomer accidentally injures the eye of a seeing eye/working dog and the injury causes the dog to go blind in one eye. The dog is no longer able to perform his duties. The owner sues for negligence.

Pet Sitting Service accidentally leaves a door open and the champion show dog escapes from the house and is hit and killed by a passing car. The owner sues for negligence.

## **Premium Finance Services**

An elderly lady who had always paid for the homeowner's policy on her mobile home in a lump sum was offered a payment plan by her agent. She agreed to it, and the agent took care of the paperwork. Unfortunately, he didn't provide the correct Truth in Lending information, and she alleged that she only learned that she was paying a very high interest rate after she had made several payments and only after she specifically inquired. She sued the premium finance company as well as her agent, alleging the rate had been kept from her deliberately. The premium finance company's carrier paid over \$50,000 to settle with her; defense costs were very high too.

A car owner's policy, financed through a premium finance company, was cancelled by the premium finance company for failure to make the installment payments on the loan. Proper notice of cancellation was sent. The policyholder then had an automobile accident, and when coverage was denied, he sued, alleging the finance company had previously accepted late payments, leading him to believe he would still have coverage even in the face of further late payments. The case was favorably resolved but defense fees were significant.

## **Printers**

A small correction to the ingredients on a label printed for packages of frosted chocolate cookies crowded off one line of the bar code. The missing line went unnoticed, the labels were affixed to the cookie packages, and the cookies were shipped to various retail stores. Unfortunately, when the scanning troubles began, many stores demanded reparations. The printer's insurance carrier prevented a suit by stepping in and paying damages as the claims came in.

A printer was hired to print a series of baseball contest cards to promote a sporting event. Each card had a scratch-off area to reveal numbers or symbols which could be used to win a contest. A sports writer discovered and published the information that the cards could be taken into a dark room and illuminated with a flash light so that the numbers or symbols shone through. The printer was sued for using the wrong level of opacity to conceal the numbers. The printer's carrier paid to defend and settle the suit.

## **Public Relations**

The insured arranged for and set up a photo opportunity for a client with a photographer. The photo was published in a well-known magazine. The client posted the photo on their website, claiming the insured told them they could use the photo as they wished. The photographer brought a claim for copyright infringement against the client. The client sought indemnity from the insured and brought a 3rd party action involving them in the suit, seeking \$150,000 in damages.

The insured was hired by plaintiff to promote an event and generate national media interest for the opening of a medical center at a prominent state university. The various parties ultimately had a falling out and the event was cancelled. Plaintiff filed suit afterwards, alleging the insureds defamed plaintiffs in an email documenting their recommendation that the event be cancelled. Plaintiffs sought \$20 million in damages.

The insured issued press releases for a prominent law firm. A press release was issued regarding the dismissal of a partner. The dismissed partner filed a defamation suit against both the firm and the insured for alleged character smears which prevented him from gaining employment elsewhere. The partner sought damages in excess of \$100 million.

## **Process Server**

Process Service Company files service of suit with court indicating service of process had been obtained. Answer never filed. Law firm moves for default to which a response is actually filed stating that service of process was never obtained and furthermore, statute of limitations has now expired. Hearing held on issue of proper service and it is determined that individual named as being served at the entity was not an employee of entity. Case is dismissed as to original defendant and the claimant then sues Process service company and law firm for negligent service of process.

## **Relocation Company**

A relocation company may be responsible for making travel arrangements which if made incorrectly could cost their clients money, time and business opportunities.

## **Translator**

A small translation company received a project to translate legal documents from English into German for filing in the German courts. The deadline for filing according to the US company seeking the translation was "4/3/09." The translation company received the documents, along with the original German documents seeking the discovery, on February 2, 2009 and completed the translation well before the "4/3/09" deadline. Unfortunately, the deadline was March 4, 2009 and not April 3, 2009, and the documents were produced late and resulted in a substantial loss to the US company. The requesting company then sued the translation company for failure to provide the translation by the required deadline for filing with the German courts.

## **Tax Preparer**

Individual hires tax preparer to prepare standard tax returns. Tax preparer incorrectly prepares forms subjecting individual to late fee penalties and interest. Individual sues tax preparer for negligent preparation of tax returns to collect late fee penalties, interest, and return of fees.