E&O Lawyers Professional Liability

Claim Scenarios

- **Missed Statute of Limitations**

  An attorney represented a client who had been injured in an automobile accident. The attorney failed to timely file a complaint prior to the expiration of the statute of limitations. The client filed suit for failing to timely file the complaint. The case settled for approximately $175,000.

- **Attorney Acting as Local Counsel**

  An attorney was engaged to act as local counsel for the plaintiffs in a wrongful death action. The lead attorneys mishandled the case, and the attorney acting as local counsel failed to notify the plaintiffs of what was happening. This resulted in the plaintiffs' case being lost. The legal malpractice case against the attorneys settled for nearly $1.5 million.

- **Conflict of Interest**

  An attorney represented the buyers and sellers of a company, as well as the company itself. The company and the buyers brought a malpractice action against the attorney for improperly drafting an employment/non-compete agreement with the sellers, and for failing to obtain written conflict waivers. The case settled for $350,000.

- **Late Filed Estate Tax Return**

  An attorney was hired to probate the estate of a decedent and to prepare any necessary income and estate tax returns that were required to be filed. The insured failed to determine that estate and income tax returns needed to be filed. This resulted in the returns being filed late, and subjected the executor of the estate to substantial interest and penalties by the Internal Revenue Service. The attorney was sued for legal malpractice. The case settled for a payment of nearly $250,000 to the executor and legal expenses of approximately $150,000.

- **Failure to Advise of Conflict and Give Proper Advice**

  A principal shareholder of CAP Company, regretted selling the company and approached lenders in an effort to buy it back. She was ultimately able to obtain financing, but only when she agreed to a personal guarantee. After she secured the loan, she retained attorney Tasha to represent her and CAP Company in the sale. After Claire bought back CAP Company, business deteriorated and CAP went bankrupt. Lienholders went after Claire's personal assets as she had agreed to the guarantee. Despite the fact that Claire obtained the personal guarantee before retaining Tasha, Claire brought suit against Tasha for failing to advise her to seek independent counsel to represent her personal interests as opposed to CAP's . She also alleged that Tasha failed to explain the risks inherent in agreeing to the personal guarantee. The case went to trial and the jury returned a verdict in favor of the defendant insured attorney. The case went up on appeal and settled for $50,000 to the plaintiff. The initial demand was $2.4 million. Defense costs totaled $141,000.

- **Failure to Verify Signatures:**

  Joe owned investment property with Walter. Walter signed Joe's name to a quitclaim deed and attorney Ray notarized their signatures. Ray did so without verifying the signature. This resulted in Walter being able to transfer ownership of the property to his name, refinance the mortgage, and take out the equity in cash. Joe sued Ray and Walter asserting he was deprived of his ownership interest. He sought the value of the property as damages. Walter consistently agreed to re-deed the property and admitted that he forged Joe's signature to the quitclaim deed. Joe maintained that he was entitled to the full value of the property. Ray maintained that Joe was not damaged because he still technically owned the property. At most, Ray's negligence in not verifying the signatures may have resulted in Walter taking out the cash, of which only a portion was accounted. The case went to trial. The Judge ruled Joe was not damaged because he still held his ownership interest in the property and awarded $0. Defense costs totaled $138,000.

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.

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