

Verdicts & Settlements

Finance Co. Forced to Defend Uninsured Claim

Later sues carrier for fees it incurred

\$600,000 settlement

In the summer of 2007, Twin Focus Capital Partners retained Associated Insurance Agency to provide insurance brokerage-related services to its business.

In early 2008, Twin Focus contacted AIA and requested that it assist in the renewal of its E&O insurance policy. AIA announced to Twin Focus that it intended to work with Quaker Insurance Agency to procure the renewal because Quaker “had some expertise in this type of insurance.”

Neither Quaker nor AIA requested or reviewed Twin Focus’ then-existing insurance policy, despite its availability. Instead, AIA provided Quaker with a summary of the key terms from Twin Focus’ then-existing policy. The “summary” provided no indication that Twin Focus’ existing insurance policy, issued through AIG, contained an exclusionary time period or a “continuity date.”

In May 2008, Quaker received a “renewal indication” from AIG. Quaker reviewed the quote and made note of the unambiguous

reference to a continuity date, which precluded insurance coverage for any act occurring prior to June 2007. The existence of the continuity date did not “concern” Quaker because it made the erroneous assumption that Twin Focus’ prior policy also included a continuity date.

Quaker did not forward the quote to AIA; rather, Quaker transformed the quote into its own format, purporting to summarize its key terms. Quaker’s summary failed to make any mention of the inclusion of a continuity date in the proposed insurance policy. At no time prior to obtaining the policy did Quaker or AIA inform Twin Focus of the existence of a continuity date in the new policy.

Twin Focus’ E&O policy was issued on June 12, 2008. Four months later — long after the policy premium had been paid — Quaker forwarded to AIA an actual copy of policy. AIA reviewed Twin Focus’ insurance policy but did not take note of the insertion of a continuity date. AIA failed to forward a copy to Twin Focus.

In early 2009, a claim was made by one of Twin Focus’ former clients that implicated



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the E&O policy. AIG declined coverage on the basis of the continuity date exclusion. As a result of the lack of insurance coverage, Twin Focus was forced to bear the significant cost associated with defending a claim that otherwise should have been covered by insurance.

While Twin Focus prevailed in the matter brought by the former client, it incurred significant legal costs and expense. This lawsuit followed.

Action: Insurance

Injuries alleged: Legal costs and expense

Case name: Twin Focus Capital Partners, LLC v. Quaker Insurance Agency of Massachusetts, Inc., et al.

Court/case no.: Suffolk Superior Court, No. 09-4341

Jury and/or judge: N/A (mediated)

Mediator: Paul Finn

Amount: \$600,000

Date: Dec. 2, 2011

Attorney: David H. Rich, Todd & Weld (for the plaintiff)