

## Following Are Examples of Miscellaneous E&O Claims

**Fake sale.** A real estate sales office is being sued by two prospective buyers of a piece of property listed with their office. The property owner retained the defendant to represent both him and the prospective buyers during the sale. The suit originated when the initial buyer could not obtain a loan to purchase the property and was advised by the defendant to find someone else to purchase the property in her place. She did so, but ultimately the sale of the property fell through.

In their suit, the plaintiffs allege the defendant conspired to make sure that the sale did not go through, maintaining it was the defendant's ultimate intent to take over the property. Other allegations of fraud have been made against the defendant and the plaintiffs are also requesting that the court compel the current owner to transfer legal title to them. Lawsuit is pending.

**Expensive medicine.** A third-party administrator/service provider to a community hospital is being sued by the hospital because of an error that resulted in significant overpayment of a health claim. The suit resulted after a hospital employee submitted a claim through the employee health plan for prescription medication for his chronic illness.

As the administrator of the plan, the defendant approved the claim and reimbursed the employee for the medication. After seven months, the defendant discovered the company they contracted with to provide prescription drugs to the plan's insureds had erroneously billed each individual refill as a "12-pack," resulting in an overpayment of nearly \$400,000.

The defendant alerted the hospital to the error and immediately stopped subsequent payments. Soon after the drug provider filed for bankruptcy, but recovering the overpayments from its successor has proven unsuccessful. Lawsuit is pending.

**Insurance inspector.** An insurance inspector contracted with a yacht owner to examine his boat prior to it being sold. The inspector did so and in his report noted several minor deficiencies but no major ones. After the yacht was sold, the inspector also contracted with the new owner to examine previously uninspected areas and monitor the repair work that was being done.

After several disagreements, the boat's new owner terminated the inspector's services and later filed a lawsuit against him claiming he failed to discover major deficiencies that would have affected his purchase of the boat. The claim went through arbitration and was settled.