



HRH loses negligence dispute over client's coverage

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LOS ANGELES—Broker Hilb Rogal & Hobbs Insurance Services of California Inc. was negligent for failing to include workers compensation coverage in an insurance package obtained for a new business venture, a California appeals court has ruled.

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The business owners discovered their lack of workers comp coverage when an employee suffered severe burn injuries in a 2001 fire, according to the court ruling released Wednesday in the case of *John Daniel Williams vs. Hilb, Rogal & Hobbs Insurance Services of California Inc.*

The business owners operated a dealership that installed spray-on linings in pickup truck beds.

The injured employee sued the business owners and a company that helps set up the dealerships. He won an \$11.3 million judgment against both parties, leaving the business owners with a \$5.8 million share of the liability.

The business owners sued the unit of Hilb Rogal & Hobbs Co., charging negligence. Among other findings, a trial court said a specific HRH broker who placed various insurance coverages for the business acted as more than an ordinary agent and

represented herself as an expert on the insurance needs of bed lining dealerships.

The trial court awarded the business owners \$5.8 million plus interest.

On appeal, HRH argued that the trial court erred by refusing to find comparative negligence on the part of the owners for failing to read their insurance policies. HRH also argued that there was insufficient evidence to support any duty owed to the insured.

California's 2nd Appellate District Court of Appeal disagreed and affirmed the trial court's finding.

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