

# E&O Stress Reducer

H A V E W E G O T A T I P F O R Y O U

## Remember

- ✓ Forward any written demand, notice or summons to your E&O provider **immediately**.
- ✓ Gather pertinent information about the claim (i.e. the facts surrounding the claim, claimant address and attorney, etc.) and forward them to your E&O provider.
- ✓ **DO NOT** engage an attorney without specific authorization from your E&O provider (could jeopardize coverage).
- ✓ **DO NOT** admit liability or agree to any kind of settlement without your E&O provider's consent (could jeopardize coverage).

## REAL LIFE CLAIM SITUATION

### *Situation:*

A home, including five acres of land, was advertised as “older, but very nice.” Not wanting to pay the added expense, the buyer refused a home inspection at the time of the sale, believing all to be in good condition.

### *Problem:*

After taking possession of the home, the buyer found that the roof leaked, the furnace in the garage did not work, the water softener did not work, and a ceiling fan was missing.

### *Mistake:*

According to the repairmen, the furnace and water softener had not worked for several years. Evidence also suggested that the roof had been leaking for a long time. It appeared the problems were major enough for the buyer to assume the seller and agents had knowledge of the conditions and chose not to disclose.

### *Result:*

The buyer sent a demand letter to the seller requesting a check for repairs amounting to \$6,000. If a check for repairs was not provided, a suit would be filed against the seller, the listing agent, and the buyer's agent.

### *Prevention:*

Because this sale involved an older property, increased emphasis should have been placed on the home inspection. Even if the buyer resists paying for an inspection, the seller may want to take the extra precaution and have the inspection performed. Rather than viewing the inspection as a sale “killer,” early knowledge of potential problems may prevent significant headaches later. In all cases, agents need to be alert and sensitive to “red flags” which may be evident to all, but never mentioned. Agents have an obligation to raise questions on issues not being disclosed.

For more information, call  
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1.800.735.4663



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