

Court Rules That Assignment of Claims Against Insurance Broker Was Void

11.15.21

White and Williams attorneys successfully moved to dismiss claims against an insurance broker related to damage caused by a fire loss in New Jersey. After two claimants injured in the fire sued the property owner, the owner filed a third-party complaint against its insurance broker. The owner alleged that the broker negligently failed to procure adequate liability limits by failing to obtain an excess or umbrella policy. While the property owner's claims against the broker were pending, the owner settled with the victims and assigned to them "any and all claims" it may have had against the broker.

The White and Williams attorneys moved to dismiss claimants' amended pleading that asserted the assignment. The Superior Court granted the motion finding that (1) the claims assigned sound in tort and could not be assigned and (2) plaintiffs injured in the fire did not have standing to assert direct claims against the owner's insurance broker. Because New Jersey law does not permit the assignment of tort claims prior to the entry of judgment, the Court voided the assignment of claims against the broker.

Christopher Leise and Marc Penchansky successfully represented the involved broker.