

Small Business, Big Claim



the facts

Hilks Environmental Services, a small, one man environmental services firm was hired by Banner Developers. Hilks provided soil mapping services for an onsite waste disposal and a storm water runoff plan for a new, residential neighborhood owned by Banner Developers.

Hilks and Banner Developers used an oral contract to outline the services to be completed.

After the neighborhood was complete, problems arose with the soil classification. Banner Developers claimed the soil classification was misdiagnosed by Hilks. Banner Developers filed suit against Hilks alleging the incorrect soil classification caused a septic system malfunction leading to extensive repairs estimated at \$52,000. Hilks argued that the terms of the soil classification were never discussed in the oral contract.

the result

The case went to mediation and three years later settled in favor of Banner Developers. Hilks did not have professional liability coverage and the claim was not covered by the company's general liability coverage.

Hilks Environmental Services had to pay the claim out of pocket. The total cost of the claim was equal to 25 percent of the firm's annual revenue.

Risk Factor #1

Hilks Environmental Services put themselves at risk by not using a written contract to clearly outline the terms and conditions of the services provided.

Risk Factor #2

Don't rely on a general liability insurance policy to cover a professional services claim. A professional liability policy may have covered this claim.



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