

# Summary Judgment Upheld By Alabama Supreme Court in “Duty to Advise” Case Against Insurer

---

Galloway is pleased to announce that Natalie A. Daugherty, resident of our firm’s Alabama office, prevailed in defending an appeal of a summary judgment awarded in favor of our clients, an insurance agent.

The action arose out of a fire loss, wherein the Plaintiff was a mattress manufacturer located in Alabama. The firm’s client was an insurance agent, who sold an insurance policy to the mattress manufacturer that covered loss by fire for a manufacturing facility, warehouse and office, as well as, all equipment, inventory, stock and personal property located inside and outside the premises.

The mattress manufacturer alleged the insurance agency negligently failed to advise it with regard to insurance coverage for business interruption and loss of profits, which could have been procured. The Alabama Supreme Court dismissed the Plaintiff’s claim that our clients negligently failed to advise the Plaintiff to purchase business interruption loss coverage. In *Somnus Mattress Corp. v. Hilson*, 2018 WL 6715777 (Ala. Sup. Ct. Dec. 21, 2018), the Alabama Supreme Court held that an insurance agent/broker generally does not have a duty to advise and cannot be deemed to have assumed a duty to advise. The Court laid out important exceptions to the rule: (1) the insurance agent/broker misrepresented the coverage in a manner that the insured could not have known from reading the insurance policy, or (2) the agent/broker and insured were in a “special relationship.”

Read more at: <https://cases.justia.com/alabama/supreme-court/2018-1170250.pdf?ts=1545408309>

## Related Practices

Premises Liability

## Attorneys by State

### ALABAMA

Natalie Daugherty