

# It's Not Our Problem, It's Yours!

Ron, Leslie and Ann were legal assistants at a firm where they practiced together for several years. During their time at the firm, they developed a good friendship and camaraderie; and they shared common professional and personal interests. After careful planning, they decided to set up their own law partnership and established Messrs Swanson, Knope & Perkins, the Insured Practice ("IP"). Since the Firm's clients were growing, they decided to establish another branch in Ron's hometown, Johor Bahru, which Ron was assigned to manage.

The partnership was put to a test when one of its former clients filed a suit against the Firm for negligence. It all started when the Firm was retained by Eagleton Construction Pte Ltd ("Eagleton") to file a suit against their client for non-payment of fees. On the day of trial, the court adjourned the hearing to a later date since Ron, the solicitor in charge of the matter, was unwell.

When the trial of the case resumed, Ron did not appear due to a conflicting hearing on the same date. As a consequence, the court struck off the suit against Eagleton's client. Ron had only updated Eagleton about the trial adjournment but had failed to inform them about the striking-off despite numerous requests for updates from Eagleton. Ron also kept this news from Leslie and Ann.

After some time, Eagleton decided to appoint a new solicitor to take over the matter from the IP. Only then did Eagleton discover that the suit had been struck off. Eagleton immediately instructed their new solicitor to revive the suit but it was too late for Eagleton as the matter was already time-barred.

It was a tough break for Eagleton since they had lost the opportunity to recover the outstanding fees in the amount of RM200,000 from their client. After a Notice of Demand to the Firm to pay the losses was unfruitful, Eagleton filed a suit against the Firm for negligence and named all partners as Defendants.

The suit was served to the IP's main office which was managed by Leslie and Ann. Leslie decided to defend the suit herself in order to save the partnership. Despite assuring Ron that the suit was being taken care of, Leslie felt that Ron should be fully responsible for his conduct and should bear the liability himself.

She decided to file two separate defences without Ron's knowledge nor consent. Leslie and Ann also met with Eagleton and negotiated a settlement to absolve their liability in the suit. Eagleton reached a settlement agreement with Leslie and Ann, and decided to withdraw the claim against the two. Ron was now the sole Defendant in the suit.

Ron only discovered about the settlement on the day of the trial when Leslie updated the court that they had reached a settlement agreement with Eagleton. Since Ron was the only Defendant left in the suit, the court adjourned the matter to allow Ron to appoint a new solicitor to defend him in the suit. He finally notified the Insurer about the suit one day before the trial.

The Insurer evaluated the situation to determine whether the partners should be afforded cover under the policy. Due to Ron's conduct and the settlement by Leslie and Ann with Eagleton, the Insurer decided to repudiate the claim.

