

## **LEGAL ALERT**

### ***Recent Judgments/Opinions: Criminal Act Exclusions***

Gary Shendell and Brett R. Bloch recently won summary judgment on behalf of Max Specialty Insurance Company, a member company of the Markel Corporation, in a declaratory judgment action filed against an escrow company based in Venice, Florida.

Max Specialty issued an escrow agents professional liability insurance policy to A Clear Title and Escrow Exchange, LLC, however, unbeknownst to Max Specialty, Stephen J. Cormier, A Clear Title and Escrow Exchange, LLC's owner and manager, fraudulently disbursed approximately \$4,700,000 in funds that were held in escrow. Clients who were victimized by Cormier's defalcations subsequently filed claims with Max Specialty. Cormier was later convicted of conspiracy to commit wire fraud and is presently awaiting sentencing.

In our Motion for Summary Judgment, we, on Max Specialty's behalf, asserted that the policy's criminal act exclusion broadly excluded coverage for any

Hon. Richard A. Lazzara of the United States District Court for the Middle District of Florida agreed with our position and granted the motion, ruling that "(w)hile it seems grossly unfair that Clear Title agreed to perform its duties as escrow agent and its principal essentially stole the money, the policy excludes coverage on this basis."

*Max Specialty Insurance Company v. A Clear Title and Escrow Exchange, LLC, et al.*, 2013 WL 2682716 (M.D. Fla.)

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insured individual or entity if the subject claim arose from the underlying criminal act, regardless as to whether the individual or entity was actually involved in the crime. The claimant, however, contended that, because only Cormier, and not the corporate entity, was convicted of a crime, only Cormier's individual coverage should be negatively impacted.

