

Hermes, Netburn, O'Connor & Spearing, P.C. Swiftly Helps Client Avoid Significant Business Complications caused by its Reinsurer

KEY SERVICES

Business

- Risk Management

Insurance

- Insurance Law

RELATED ATTORNEYS

Peter G. Hermes

June 30, 2013

Boston, MA

Hermes, Netburn, O'Connor & Spearing, P.C. represented a major international corporation which self-insured its workers' compensation coverage with a fronting insurer. The fronting insurer attempted to obtain substantially increased letters of credit and to draw down on existing letters of credit. The insurer was suspected using the letters of credit as general corporate assets rather than as restricted funds available solely for the payment of claims under the client's self-funded policies of insurance.

Within two days, our lawyers commenced an action in a Federal District Court and obtained a temporary restraining order barring the insurer from drawing on the letters of credit. This temporary restraining order became a preliminary injunction. The preliminary injunction remained in effect while we successfully assisted our corporate client in placing the fronting insurance with another carrier, and in obtaining a return of both the existing letters of credit and a refund of premium previously paid to the insurer by the client. This swift action prevented potentially significant business complications which could have been caused by the posting of additional letters of credit.