

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF CONNECTICUT

BUSINESS INSURANCE HOLDINGS,  
INC.,

Plaintiff,

v.

AON RISK SERVICES NORTHEAST,  
INC.,

Defendant.

Case No.

**COMPLAINT**

**JURY TRIAL DEMANDED**

**SEPTEMBER 14, 2020**

Plaintiff, Business Insurance Holdings, Inc. (“Plaintiff” or “BIH”), by and through its attorneys, for its Complaint against Defendant, Aon Risk Services Northeast, Inc. (“Defendant” or “Aon”), alleges as follows:

**PRELIMINARY STATEMENT**

1. This is an action by a long-time client (BIH) against an insurance broker (Aon) for breach of contract, insurance broker negligence/professional malpractice premised upon a failure to procure requested insurance and upon a special relationship, and breach of fiduciary duty premised upon a special relationship.
2. Due to Aon’s breaches as set forth herein, BIH has suffered damages in excess of \$600,000, plus costs and expenses.
3. BIH is a media and publishing company for the insurance and risk management industries.
4. BIH is *not* an insurance company or an insurance brokerage.

5. BIH hosts many annual conferences, covering various subjects, at which industry professionals and experts can share or learn of new developments in the insurance and risk management industries.

6. Beacon Intercontinental Group, Inc. (“Beacon”), acquired BIH in September 2019, and Beacon planned to increase the number of BIH’s annual conferences to be held in 2020, given their popularity and commercial success.

7. Aon had acted as an insurance broker for BIH for a number of years and was retained by the new ownership during and after the acquisition in September 2019 to review BIH’s insurance coverages and advise of gaps in coverage or missing coverages that BIH should have in place.

8. Despite Aon’s long relationship with BIH and Aon’s knowledge of BIH’s pending increase in its annual conference schedule and the commercial success and revenue generated by such conferences, Aon failed to procure appropriate and adequate business interruption and/or event cancellation insurance coverage for BIH with respect to its annual conferences.

9. Due to the unprecedented danger posed by the spread of the severe acute respiratory syndrome coronavirus 2 (“SARS-CoV-2” or the “novel coronavirus”)<sup>1</sup> and the resulting stay-at-home and other orders issued by the state and local governments of Florida and other jurisdictions, BIH has been unable to hold, to date, a number of its scheduled annual conferences. And while several annual conferences may take place this year in an alternate format (such as a virtual conference platform), BIH’s net revenue/income from these conferences

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<sup>1</sup> “Severe acute respiratory syndrome coronavirus 2,” “SARS-CoV-2,” and “novel coronavirus” are all terms used to refer to the virus at issue, and as mentioned below, “COVID-19” refers to the disease caused by the virus.

would still be reduced due the necessity of charging lower sponsorship and almost no registration fees.

10. Because of Aon's breaches, BIH has been damaged as set forth herein.

### **PARTIES**

11. BIH is a citizen of Connecticut and Florida.

12. BIH is a corporation incorporated in Florida, and it has a principal place of business in Connecticut.

13. BIH manages its operations from 1030 Lake Ave, Greenwich, Connecticut 06831.

14. Aon is a citizen of Illinois and New York.

15. Aon is a corporation incorporated in New York, and it has a principal place of business in Illinois.

16. Aon's executive office is located at 200 East Randolph Street, Chicago, Illinois 60601.

### **JURISDICTION**

17. This Court has jurisdiction with respect to this action pursuant to 28 U.S.C. § 1332(a)(1) because this is a civil action between a citizen of Connecticut and Florida, on the one hand, and a citizen of Illinois and New York, on the other hand, and because the amount in controversy exceeds \$75,000, exclusive of interest and costs.

18. Moreover, Aon is subject to specific personal jurisdiction in a Connecticut court because Aon is registered to receive service under section 33-929(a) of Connecticut's General Statutes.

**VENUE**

19. Venue is proper in this district pursuant to 28 U.S.C. § 1391(b)(2) because a substantial part of the events and/or omissions giving rise to the claims occurred in this district.

**FACTS**

20. Though its ownership interests have changed several times, BIH has operated as a media and publishing company for the insurance and risk management industries for many years.

21. BIH is not and has never been an insurance company or an insurance brokerage.

22. Most recently, BIH was acquired by Beacon in September 2019.

23. BIH is and has been a trusted source/outlet for news pertinent to the insurance and risk management industries.

24. BIH's publications include a print magazine and daily, weekly, and intraday news updates via email and social media to hundreds of thousands of subscribers.

25. Historically, BIH had hosted approximately nine annual conferences, covering different topics, at which industry professionals and experts can share or learn of new developments in the insurance and risk management industries.

26. Due to the commercial success and popularity of BIH's annual conferences, Beacon planned to increase the number of such conferences in 2020, from nine to ten or more.

27. Aon was aware that BIH planned to increase the number of its annual conferences in 2020.

***Plaintiff's Historical Reliance upon Aon for Its Advice and Expertise***

28. Since at least 2016, BIH has retained Aon as an insurance broker and an adviser for BIH's insurance needs.

29. BIH does not have, and has never had, an internal Chief Risk Officer, risk manager, or substantial equivalent.

30. Aon is and was aware that BIH does not have, and has never had, an internal Chief Risk Officer, risk manager, or substantial equivalent having insurance expertise.

31. At all relevant times hereto and with respect to the allegations in this Complaint, BIH and Aon acted through their authorized and/or apparent agents and/or representatives.

32. Since at least 2016, Aon obtained various insurance coverages for BIH and managed the renewals of those insurance coverages.

33. Aon managed BIH's renewal process: communicating with the insurance carrier(s), obtaining information from BIH that was requested by said insurance carrier(s), reviewing the then-current application(s) for insurance, and reviewing other client-specific information.

34. Over the course of this relationship, Aon demonstrated an ostensible expertise in all relevant matters of insurance.

35. Throughout the entirety of their relationship, BIH relied upon Aon's expertise when ultimately selecting BIH's insurance coverages.

***Aon's Active Role in Assessing Insurance Coverage During the 2019 Acquisition***

36. As part of the process of Beacon's acquisition of BIH in September 2019, Beacon, as the new successor and controlling interest in BIH, specifically requested that Aon identify coverages that Aon deemed important that BIH did not yet have and that Aon obtain quotes for the same for BIH's review.

37. Beacon—and thereby BIH—wanted insurance coverage for *all* aspects of BIH's operations and specifically asked Aon whether BIH had such coverage in place.

38. BIH asked Aon to identify any missing coverages or gaps in coverage.

39. Specifically, on or about September 9, 2019, at 1030 Lake Ave, Greenwich, Connecticut 06831, Carole Acunto (“Acunto”), an officer of Beacon (Secretary/Treasurer) and acting on behalf of BIH as CFO and Secretary/Treasurer, met with three representatives of Aon, including Regina Degnan (“Degnan”) who was the primary Aon representative for BIH’s account (hereinafter the “September Meeting”).

40. Degnan had acted as the primary Aon representative for BIH’s account for, at least, several years.

41. At the September Meeting, Acunto informed Degnan and the other Aon representatives that BIH was going to increase the number of annual conferences that it would hold in 2020.

42. Acunto expressed the importance of BIH having sufficient coverage with respect to every aspect of BIH’s business and operations.

43. Acunto specifically requested that Aon review all existing coverages, advise whether such coverages were sufficient, and identify any additional coverages that BIH would need in order to be covered for every aspect of its business.

44. The Aon representatives that were present responded affirmatively and stated that Aon would conduct the requested review and advise accordingly.

45. As described in more detail herein, subsequent to the September Meeting, during the last renewal period that is relevant to the instant matter, Aon obtained and/or renewed for BIH from Sentinel Insurance Company, Limited (“Sentinel”), a Spectrum Business Owner’s Policy, including various insurance coverages, endorsements, extensions, exclusions, and

restrictions, having a policy period of October 15, 2019, to October 15, 2020, and policy number 10 SBM BC6380 SB (the “Sentinel BOP Policy”).

46. The Sentinel BOP Policy, however, did not contain business interruption, event cancellation, and/or any other coverage applicable to the loss of net revenue/income sustained by BIH due to the cancellation of its 2020 annual conferences.

47. As it had for years, BIH had relied upon Aon’s expertise and advice that the Sentinel BOP Policy contained any and all insurance coverages that BIH requested and would need.

***The Cancellation of BIH’s 2020 Annual Conferences and Loss of Substantial Net Revenue***

48. Beginning in early March 2020, due to the unprecedented danger posed by the rapid spread of the novel coronavirus, various state and local authorities in Florida, Illinois, New York, and other jurisdictions issued what would become the first of many emergency executive orders for the protection of persons and property.

49. In relevant parts, the executive orders (both state and local) have continued in effect, to varying degrees.

50. These executive orders declared states of emergency and mandated, *inter alia*, restrictions on the size of gatherings of people, closures of the premises of non-essential businesses, and that people should remain at home unless performing an enumerated “essential” function, job, or task.

51. BIH was able to hold its first annual conference in 2020, which took place on January 30, 2020, in Miami, Florida.

52. BIH had nine other annual conferences scheduled in London, Chicago, New York, and locations yet to be determined.

53. Accordingly, due to the applicable state and local executive orders, BIH has been forced to effectively cancel (for 2020) seven of the remaining nine conferences. BIH is considering holding two conferences virtually.

54. To date, there is no publicly available vaccine for the disease caused by the novel coronavirus, which is commonly known as “COVID-19.”

55. Several states, such as Texas and Florida, have eased their gathering and business operation restrictions only to be faced with a resurgence of COVID-19 cases and a resultant need to reinstate their prior more restrictive orders on gatherings and business operations.

56. Given the continued uncertainty and danger posed by the novel coronavirus, it is unlikely and unreasonable to expect that BIH’s 2020 conference schedule will take place this year as planned (that is, all in-person).

57. For virtual conferences, to the extent they do or were to take place, BIH would still suffer a loss of net revenue/income because BIH cannot charge full registration fees (if it can charge any at all) and has been able to acquire only reduced sponsorship fees.

58. BIH, therefore, has lost the net revenue/income typically earned from its annual conferences and has been forced to pay extra expenses and costs in the forms of lost deposits and/or other fees.

***The Insurance Company’s Denial of Coverage***

59. As indicated above, subsequent to the September Meeting, during the last renewal period that is relevant to the instant matter, Aon obtained for BIH from Sentinel the Sentinel BOP Policy, including various insurance coverages, endorsements, extensions, exclusions, and restrictions, having a policy period of October 15, 2019, to October 15, 2020.



60. The Sentinel BOP Policy, however, did not contain business interruption, event cancellation, and/or any other coverage applicable to the loss of net revenue/income sustained by BIH due to the cancellation of its 2020 annual conferences.

61. On or about August 21, 2020, through its new insurance broker REMCO, BIH submitted a claim to Sentinel for its loss of net revenue/income due to the cancellation of its 2020 annual conferences.

62. On or about August 24, 2020, Sentinel denied coverage for BIH's claim for lost net revenue/income.

63. Sentinel stated that it was denying coverage for BIH's claim because the Sentinel BOP Policy "does not provide coverage for [BIH's] building, business personal property, or [BIH's] business income."

64. As a result of this gap in coverage, BIH has lost approximately \$400,000 in its net revenue/income typically earned from its annual conferences and has paid approximately \$200,000 in extra costs and expenses (in the forms of lost deposits and/or other fees).

#### **COUNT I – BREACH OF CONTRACT**

65. Plaintiff repeats and realleges as if set forth fully herein paragraphs 1 through 64.

66. After its acquisition by Beacon in September 2019, at the September Meeting, BIH specifically requested that Aon identify coverages that Aon deemed important that BIH did not yet have and that Aon obtain quotes for the same for BIH's review.

67. In September 2019, and for at least several years before that time, Aon was aware that BIH earned on average \$400,000 in net revenue/income from its annual conferences.

68. BIH expected its 2020 net revenue/income from its annual conferences to increase to approximately \$600,000.

69. At the September Meeting, BIH asked Aon to identify any missing coverages.

70. At the September Meeting, BIH also notified Aon that BIH was going to increase the number of annual conferences that it would hold in 2020.

71. Thus, BIH expressed to Aon the importance of BIH having sufficient coverage for every aspect of its business and operations.

72. BIH specifically requested that Aon review all existing coverages, advise whether such coverages were sufficient, and identify any additional coverages that BIH needed to be covered for every aspect of its business.

73. Aon responded affirmatively and stated that Aon would conduct the requested review and advise accordingly.

74. The oral communications by and between BIH and Aon during and after the September Meeting established a valid and enforceable contract between BIH and Aon (the “Insurance Procurement Contract”) pursuant to which Aon would conduct a review of BIH’s then-current insurance coverages, advise as to the adequacy of the same, and obtain any coverages (renewing or new) approved by BIH.

75. In the alternative, the written and/or electronic communications by and between BIH and Aon during and after the September Meeting established a valid and enforceable contract between BIH and Aon pursuant to which Aon would conduct a review of BIH’s then-current insurance coverages, advise as to the adequacy of the same, and obtain any coverages (renewing or new) approved by BIH.

76. BIH has performed its obligations under the contract with Aon; specifically, it paid and/or caused to be paid to Aon commission or other fees associated with the procurement of the Sentinel BOP Policy.

77. Aon breached the Insurance Procurement Contract by, either individually or cumulatively:

- a. failing to conduct a sufficient review of BIH's then-current insurance coverages,
- b. failing to sufficiently advise BIH as to the adequacy of its then-current insurance coverages and any gaps in its coverages,
- c. failing to sufficiently identify any missing insurance coverages or gaps in insurance coverage, and/or
- d. failing to obtain any missing insurance coverages in order to cure any gaps in insurance coverage,

all with respect to the loss of net revenue/income sustained by BIH due to the cancellation of its 2020 annual conferences.

78. Aon breached the Insurance Procurement Contract by failing to advise BIH that it needed, and by failing to obtain, business interruption, event cancellation, and/or any other insurance coverage with respect to loss of net revenue/income due to the cancellation of BIH's annual conferences.

79. Business interruption, event cancellation, and/or other insurance coverage that would have covered BIH's loss of net revenue/income from the cancellation of the 2020 annual conferences was commercially available.

80. Aon knew or should have known that business interruption, event cancellation, and/or other insurance coverage that would have covered BIH's loss of net revenue/income from the cancellation of events such as the 2020 annual conferences was commercially available.

81. BIH would have purchased such business interruption, event cancellation, and/or other insurance coverage to cover its loss of net revenue/income from the cancellation of the 2020 annual conferences if Aon had identified that such coverage was available.

82. Sentinel has denied coverage for BIH's loss of net revenue/income and other costs and expenses from the cancellation of the 2020 annual conferences because the Sentinel BOP Policy "does not provide coverage for [BIH's] building, business personal property, or [BIH's] business income."

83. Aon's breaches have, therefore, caused damages to BIH in the form of lost net revenue/income and payment of extra costs and expenses in an amount in excess of \$600,000.

**COUNT II – NEGLIGENCE/PROFESSIONAL MALPRACTICE**  
**(FAILURE TO PROCURE AND SPECIAL RELATIONSHIP)**

84. Plaintiff repeats and realleges as if set forth fully herein paragraphs 1 through 64.

85. At the September Meeting, BIH specifically requested that Aon review all existing coverages, advise whether such coverages were sufficient, and identify any additional coverages that BIH needed to be covered for every aspect of its business.

86. Aon responded affirmatively and stated that Aon would conduct the requested review and advise accordingly.

87. This request by BIH (and acknowledgment by Aon) included a request for first-party property coverage.

88. Business interruption coverage and event cancellation coverage are types of first-party property coverage.

89. Aon had a duty to advise BIH that it lacked first-party property coverage, business interruption coverage, and/or event cancellation coverage.

90. Aon breached this duty by failing to advise BIH that it lacked first-party property coverage, business interruption coverage and/or event cancellation coverage.

91. Additionally, for the reasons set forth in paragraphs 28 through 47, *inter alia*, a “special relationship” (as interpreted and defined under Connecticut law) existed between BIH and Aon.

92. Because of this special relationship, Aon owed duties to BIH above and beyond the ordinary duty of an insurance broker’s duty to procure requested coverage.

93. Because of this special relationship Aon owed duties to BIH, either individually or cumulatively, to:

- a. conduct a reasonable and sufficient review of BIH’s then-current insurance coverages,
- b. reasonably and sufficiently advise BIH as to the adequacy of its then-current insurance coverages and any gaps in its coverages,
- c. reasonably and sufficiently identify any missing insurance coverages or gaps in insurance coverage, and/or
- d. recommend and obtain any missing and necessary insurance coverages,

all with respect to obtaining coverage to protect the loss of net revenue/income sustained by BIH caused by the cancellation of its 2020 annual conferences.

94. In September 2019, BIH engaged Aon to obtain appropriate and adequate insurance coverage for the entirety of its business operations, as it had each year since at least 2016.

95. In September 2019, and for at least several years before that time, Aon was aware that BIH earned on average \$400,000 in net revenue/income from its annual conferences.

96. BIH expected its 2020 net revenue/income from its annual conferences to increase to approximately \$600,000.

97. Aon breached its duties owed to BIH by, either individually or cumulatively:

- a. failing to conduct a reasonable and sufficient review of BIH's then-current insurance coverages,
- b. failing to reasonably and sufficiently advise BIH as to the adequacy of its then-current insurance coverages and any gaps in insurance coverage,
- c. failing to reasonably and sufficiently identify any missing insurance coverages or gaps in insurance coverage,
- d. failing to obtain any missing insurance coverages in order to cure any gaps in insurance coverage, and/or
- e. failing to act reasonably pursuant to any other duty imposed by the parties' special relationship,

all with respect to the loss of net revenue/income sustained by BIH due to the cancellation of its 2020 annual conferences.

98. Aon also breached its duties owed to BIH by failing to reasonably advise BIH that it needed, and by failing to obtain, business interruption, event cancellation, and/or any other insurance coverage with respect to loss of net revenue/income due to cancellation of BIH's annual conferences.

99. Business interruption, event cancellation, and/or other insurance coverage that would have covered BIH's loss of net revenue/income from the cancellation of its 2020 annual conferences was commercially available.

100. Aon knew or should have known that business interruption, event cancellation, and/or other insurance coverage that would have covered BIH's loss of net revenue/income from the cancellation of its 2020 annual conferences was commercially available.

101. BIH would have purchased such business interruption, event cancellation, and/or other insurance coverage to cover its loss of net revenue/income from the cancellation of its 2020 annual conferences if Aon had reasonably identified that such coverage was available.

102. Sentinel, the insurance company from which Aon ostensibly obtained insurance coverage for BIH, has denied coverage for BIH's loss of net revenue/income from the cancellation of its 2020 annual conferences because the Sentinel BOP Policy "does not provide coverage for [BIH's] building, business personal property, or [BIH's] business income."

103. Aon's breaches have, therefore, caused damages to BIH in the form of lost net revenue/income and payment of extra costs and expenses in an amount in excess of \$600,000.

**COUNT III – BREACH OF FIDUCIARY DUTY (SPECIAL RELATIONSHIP)**

104. Plaintiff repeats and realleges as if set forth fully herein paragraphs 1 through 64 and paragraphs 84 through 103.

105. For the reasons set forth in paragraphs 28 through 47, *inter alia*, a "special relationship" (as interpreted and defined under Connecticut law) existed between BIH and Aon.

106. Because of this special relationship, Aon owed fiduciary duties to BIH above and beyond the ordinary duty of an insurance broker's duty to procure requested coverage.

107. Because of this special relationship Aon owed fiduciary duties of loyalty and honesty to BIH.

108. In September 2019, BIH (via its new controlling entity Beacon) placed a unique degree of trust and confidence in Aon, with respect to reviewing, advising on, identifying, and obtaining necessary insurance coverages for BIH.

109. BIH, via Beacon, placed this trust in Aon because, compared with Beacon, Aon had superior knowledge and expertise with respect to BIH's insurance coverages since Aon had been managing BIH's insurance coverages from, at least, 2016.

110. In September 2019, and for at least several years before that time, Aon was aware that BIH earned approximately \$400,000 in net revenue/income from its annual conferences.

111. BIH expected its 2020 net revenue/income from its annual conferences to increase to approximately \$600,000.

112. Aon breached its fiduciary duties of loyalty and honesty owed to BIH by, either individually or cumulatively:

- a. failing to put BIH's interests above its own when reviewing BIH's then-current insurance coverages,
- b. failing to advise BIH as to the adequacy of its then-current insurance coverages,
- c. failing to identify any missing insurance coverages and gaps in insurance coverages, and
- d. failing to obtain any missing insurance coverages in order to cure any gaps in insurance coverage,

all with respect to the loss of net revenue/income sustained by BIH due to the cancellation of its 2020 annual conferences.

113. Aon also breached its fiduciary duties of loyalty and honesty owed to BIH by failing to put BIH's interests above its own when failing to advise BIH that it needed to obtain



business interruption, event cancellation, and/or any other insurance coverage with respect to loss of net revenue/income due to cancellation of BIH's annual conferences and/or in failing to obtain such coverages.

114. Business interruption, event cancellation, and/or other insurance coverage that would have covered BIH's loss of net revenue/income from the cancellation of its 2020 annual conferences was commercially available.

115. Aon knew or should have known that business interruption, event cancellation, and/or other insurance coverage that would have covered BIH's loss of net revenue/income from the cancellation of its 2020 annual conferences was commercially available.

116. BIH would have purchased such business interruption, event cancellation, and/or other insurance coverage that would have covered its loss of net revenue/income from the cancellation of its 2020 annual conferences if Aon had reasonably identified that such coverage was available.

117. Sentinel, the insurance company from which Aon ostensibly obtained insurance coverage for BIH, has denied coverage for BIH's loss of net revenue/income from the cancellation of its 2020 annual conferences because the Sentinel BOP Policy "does not provide coverage for [BIH's] building, business personal property, or [BIH's] business income."

118. Aon's breaches have, therefore, caused damages to BIH in the form of lost net revenue/income and payment of extra costs and expenses in an amount in excess of \$600,000.

**WHEREFORE**, Plaintiff, Business Insurance Holdings, Inc., respectfully requests the entry of judgment as follows:

(1) On **Count I**, awarding damages in favor of Plaintiff in an amount to be determined at trial, but in no event less than \$600,000, plus interest and costs;

- (2) On **Count II**, awarding damages in favor of Plaintiff in an amount to be determined at trial, but in no event less than \$600,000, plus interest and costs;
- (3) On **Count III**, awarding damages in favor of Plaintiff in an amount to be determined at trial, but in no event less than \$600,000, plus interest and costs; and
- (4) Granting Plaintiff any other or further relief that the Court deems just and proper.

PLAINTIFF,  
BUSINESS INSURANCE HOLDINGS, INC.

/s/ Michael T. McCormack (ct 13799)  
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Its Attorneys

Dated: September 14, 2020

**JURY DEMAND**

Plaintiff, Business Insurance Holdings, Inc., hereby demands a trial by jury on all issues and matters so triable.

PLAINTIFF,  
BUSINESS INSURANCE HOLDINGS, INC.

/s/ Michael T. McCormack (ct 13799) \_\_\_\_\_  
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Dated: September 14, 2020