

## JSH ATTORNEYS OBTAIN DEFENSE VERDICT FOR NATIONAL INSURER IN BAD FAITH AND PUNITIVE DAMAGE CASE

July 1, 2012 | Case Summaries, News



*Barbara Sloan v. Farmers Insurance Company of*

*Arizona, Farmers Insurance Exchange, and Farmers Group, Inc., July 2012*

[Published in "Arizona Significant Defense Verdicts of 2012," Arizona Attorney, June 2013.](#)

JSH attorneys [Donald Myles](#), [Josh Snell](#) and [Ashley Villaverde Halvorson](#) obtained a defense verdict after a twenty-two-day jury trial involving claims of bad faith and punitive damage.

This case arose out of Plaintiff's submitted claims to Defendant insurer for coverage of her damaged property after her house and two vehicles burned in a residential fire. Plaintiff was subsequently arrested and indicted for arson and insurance fraud. Defendant retained a fire cause and origin expert who initially concluded that the cause of the fire was undetermined. Plaintiff demanded a copy of the cause and origin report, believing that it contained exculpatory information. Defendant resisted producing the report and its claim file until its investigation was completed, relying in part on the work-product doctrine.

Plaintiff filed a bad faith and breach of contract action against Defendant, alleging Defendant breached the duty of good faith and fair dealing by failing to produce exculpatory evidence from its claim file that Plaintiff believed would have been helpful to her criminal defense. She further alleged a conversion claim regarding the temporary withholding of her damaged vehicles, as well as a breach of contract claim and punitive damages.

Defendant continued to investigate the claim, which it initially denied based on its finding of an intentional act by the insured. Defendant produced the cause and origin report and the claim file materials to Plaintiff in advance of the criminal trial date. Plaintiff moved to exclude the materials from the trial. The criminal charges were later dismissed. Upon the dismissal of the charges, Defendant paid the \$1.1 million insurance claim.

Plaintiff alleged she suffered emotional damage, including stress, humiliation, anxiety, depression, and attempted suicide as a result of Defendant's conduct. She further alleged she lost her job and would be unable to work in the future.

Defendant denied liability, alleging that it had a reasonable belief that it was more likely than not that Plaintiff was involved in the intentional burning of her property, and that it properly raised a work-product doctrine. Defendant further alleged that it was not the cause of Plaintiff's damages, particularly given that the criminal prosecution continued even after the supposed exculpatory materials were produced. At the close of Plaintiff's case, Defendant filed a motion for judgment as a matter of law on all of Plaintiff's claims. The court granted the motion as to the conversion and breach of contract claims, while the bad faith and punitive damage claims went to the jury.

During closing, Plaintiff asked the jury to award just and reasonable compensatory damages of \$9 million, and punitive damages of \$31 million. Defendant made a \$1.5 million pretrial offer of judgment. After a twenty-two day trial, the jury deliberated for four 4 days and found for the defense.

**APPELLATE COURT UPDATE:** [JSH Attorneys Win on Appeal from New Trial Order Entered Two Years After Defense Verdict](#), August 2018