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Punitive Damages awarded against home insurer in New York.

A federal court jury in White Plains, N.Y., returned punitive-damage award against Nationwide Mutual Fire Insurance Co. on the ground that the insurer engaged in a pattern of unfair and deceptive trade practices in New York. The verdict is apparently the first punitive damage award against a home insurer in New York, where courts have been divided on whether state law permits individual policyholders to sue for punitive damage.

The case centered on the refusal by Nationwide Mutual Fire, a subsidiary of Nationwide Insurance Cos., Columbus, Ohio, to pay off a homeowner's policy for a house damaged by fire in Ossining, New York. The federal court jury, following a three-week trial, ordered Nationwide to pay \$200,000 to compensate the couple, in addition to \$150,000 in punitive to deter future wrongdoing.

The verdict was permitted under a federal court ruling last December that opened the door to punitive damages in such cases where it can be shown that there "are sufficient evidentiary allegations" of a pattern of fraud and deceit.

The plaintiffs, John Riordan and Jane Fox, claimed that Nationwide refused to pay full replacement costs for furniture lost in the fire and that the company engaged in a pattern of coercing policyholders into accepting settlements at depreciated values.

Marvin Metter, an attorney for Nationwide Fire at its district office in Syracuse, N.Y., said the company treated Mr. Riordan and Ms. Fox fairly and plans to appeal the punitive damages aspect of the verdict. He complained that plaintiffs' lawyers were permitted to bombard the jury with extraneous complaints against Nationwide lodged by other policyholders in New York that had little bearing on the case but gave the impression of general misconduct.

Jonathan Wilkofsky, whose law firm Wilkofsky, Friedman, Karel & Cummins represented the plaintiffs, said he relied on memoranda and documents from Nationwide files, as well as testimony from four other policyholders in New York, to show that the company routinely forced policyholders to accept less than they were entitled to.

"There is a substantial possibility of additional suits," Mr. Wilkofsky said. "I think there is a basis for other claims."