

Press Release – April 21, 2016

St. Catharines Jury Awards \$175,000 in Punitive Damages against Insurers

On April 19, 2016, a jury in St. Catharines, Ontario found against two insurers, Lloyds Underwriters and Sovereign General Insurance Company, in a claim where a Port Colborne man had lost his home and contents in a fire. In addition to finding the insurers liable for paying damages under the insurance policy, the jury ordered the insurers to pay \$175,000.00 in punitive damages to Abdul Hamid Haji-Fazul for their bad faith conduct towards him in denying his claim.

On April 10, 2011 Mr. Haji-Fazul was the victim of a total fire loss that destroyed his home and all of his contents. At the time he was insured by Lloyds Underwriters under Contract PM900 and Sovereign General Insurance. The insurers learned after the fire, that Mr. Haji-Fazul had been a victim of a prior fire loss on the property in 2008. Additionally, they learned that he had demolished an old shed on the property by burning it down, and had a farmer leasing out a portion of the land.

Jason D. Singer and Ari J. Singer of law firm of Singer Kwinter acted for Mr. Haji-Fazul. According to Jason Singer, the insurers denied the claim based on material misrepresentations made in the application for insurance. However, at trial they were able to show that the insurance companies would have insured Mr. Haji-Fazul even if they were aware of the additional information.

Singer said, “This was a high risk or non-standard insurer. Their own underwriting guidelines or rules clearly showed they would have accepted him anyways. The insurers were not happy to learn about the prior house fire after the fact, and Mr. Haji-Fazul claimed that the insurers concocted reasons to avoid paying him the claim despite taking a sizable premium. Insurers owe their insureds a duty of good faith in handling all claims fairly. They did not do so here.”

The jury found that the insurers conduct was high-handed, malicious and highly reprehensible. They found that Mr. Haji-Fazul was relying on them to give appropriate coverage and peace of mind. They awarded him \$175,000.00 in punitive damages as a means to punish the insurers for their conduct.

Alfred M. Kwinter of Singer Kwinter said “Punitive damages are very difficult to obtain and are rarely awarded. This marks the fourth time since 2003 that Singer Kwinter has obtained a punitive damage award against an insurer.”

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