

Sheppard Mullin Wins High-Profile Case For Allstate Insurance Company

12.19.2018

Sheppard Mullin secured a high profile victory on behalf of Allstate Insurance Company in a bad faith lawsuit alleging that Allstate unreasonably refused to settle a claim within its policy limits, thereby exposing its policyholder to a \$5 million judgment.

The Court granted summary judgment in favor of Allstate, finding that Allstate's conduct was reasonable as a matter of law.

Sheppard Mullin Partner Peter Klee said, "This victory shows that courts are not enamored with claimants who try to set up insurance companies for bad faith. Here, Allstate tried to fairly evaluate and settle the underlying personal injury claim, but was prevented from doing so by the claimant's lawyer's gamesmanship. I'm pleased that the court vindicated Allstate's good faith claim handling efforts."

Background on the Case

Antonio Pureco suffered a traumatic brain injury and other serious injuries in an automobile accident he claimed was caused by Carrillo. At the time of the accident, Carrillo was insured by Allstate under a policy with \$100,000 liability limits. Pureco's attorney made a \$100,000 policy limits demand to Allstate with a 19-day deadline. The demand letter enclosed ambulance and fire department reports indicating that, at the scene of the accident, Pureco had been removed from his vehicle by Jaws of Life, had a laceration on the back of his head, was unconscious and non-responsive, and had Glasgow Coma Scale scores of 6 and 7. Although the reports indicated that Pureco had been driven by ambulance to a hospital, the demand letter did not enclose any hospital records. Allstate concluded that the information provided did not demonstrate that Pureco's injuries warranted a policy limits settlement. Allstate asked Pureco's attorney to provide either hospital records or a signed medical authorization that would enable Allstate to obtain the records on its own.

Three days before the demand deadline expired, Pureco's attorney faxed Allstate a copy of the hospital discharge summary, which showed that Pureco had suffered a traumatic brain injury and fractured pelvis, and had been hospitalized for more than three weeks. Because the Allstate adjuster was out of the office, she didn't see the discharge summary until she returned to the office on the day after the demand expired. Upon reviewing the discharge summary, the adjuster tendered the \$100,000 policy limits. Pureco rejected the tender, claiming it was "too late." Pureco thereafter filed suit and obtained a \$5 million judgment against Carrillo.

Carrillo and Pureco thereafter jointly sued Allstate for bad faith, seeking to recover the \$5 million judgment (plus interest), attorney's fees, emotional distress and punitive damages. The plaintiffs contended that Allstate unreasonably refused to settle for the policy limits when it had information establishing that the claim was

worth more than \$100,000.

Allstate moved for summary judgment, contending that its failure to timely accept the policy limits demand was reasonable because it did not have information establishing that the claim was worth \$100,000. The court granted the motion and entered judgment in Allstate's favor on December 19, 2018.

The Sheppard Mullin team, led by partner Peter H. Klee, included partner Marc Feldman and special counsel Thomas Proctor.

The case is *Antonio Pureco and David Carrillo v. Allstate Insurance Co.*, United States District Court for the Central District of California, Case No. 2:18-cv-02079-SVW

Read the Court's order [here](#).

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Practice Areas

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