

Jury Finds Farmers Insurance Guilty of Fraud

MOBILE, Ala., Feb. 11, 2013 /PRNewswire/ -- On February 8, 2013, a Mobile County, Alabama, jury returned a \$2.4 million verdict in favor of a local insurance agent in a fraud case brought against 11 companies, all affiliated with Farmers Insurance Group. The plaintiff in this case, Robert "Kyle" Morris, was a licensed insurance agent at the Morris Insurance Agency, owned and operated by his father.

In late 2006, Kyle learned that Farmers was recruiting agents to sell their products. He contacted Farmers about the potential opportunity and made it clear from the beginning that he was not interested in becoming a Farmers agent if it meant having to leave his father's agency. Farmers assured Kyle that it was not a problem for him to remain with the Morris Insurance Agency, and that his association did not violate any of Farmers' policies or procedures. In fact, they told Kyle his association with the Morris Insurance Agency would be a benefit to his customers and Farmers.

However, that representation was false when it was made. Farmers had a written internal policy since at least 2003 that prohibited any Farmers agent from associating with an independent insurance agency. The internal policy also stated that ownership by an agent's immediate family member in a competitor of Farmers would be considered an unacceptable conflict-of-interest.

Kyle worked diligently for Farmers over the course of two and a half years, building a book of business, establishing relationships with clients, and quadrupling the premiums he earned for Farmers. In September 2009, Farmers terminated Kyle without warning. Farmers' confidential internal documents proved that Farmers terminated Kyle because of his relationship with his father and the Morris Insurance Agency – the very thing they assured him would be no problem when he started. At trial, Farmers executives admitted that the representations made to Kyle had been false.

Based on his employment agreements, Farmers took all of Kyle's customers and prohibited him from contacting them for a year. Kyle lost all of his investment in his Farmers agency, over 200 customers, and the renewal premiums from the more than 300 policies he sold as a Farmers agent.

"Kyle's customers received a letter from Farmers informing them that Kyle had been terminated from Farmers and their insurance policies were being assigned to a new agent. Under the agreements, Kyle was prohibited from even calling his customers to explain the reason for his termination. Kyle's customers were left with the impression that Kyle had done something wrong," said J. Brian Duncan, Jr., of Mobile's Cunningham Bounds, LLC who tried the case with his partner, Lucy E. Tufts. "In this case, the evidence that Farmers intentionally made false statements to Kyle to induce him into becoming a Farmers agent was overwhelming. After hearing all the evidence, a jury of twelve intelligent, hardworking, and honest citizens made the unanimous decision to hold Farmers accountable for its false representations and all the harm that was caused to Kyle as a result," Duncan concluded.

The law firm of Cunningham Bounds, LLC, founded in 1958, is based in Mobile, Alabama and has been representing plaintiffs for over 50 years. Today the firm continues its tradition of representing victims in cases involving catastrophic personal injury, industrial accidents, defective products, truck and automobile accidents, and medical malpractice. The firm also has expertise in business litigation,

complex litigation, and national and state class action litigation involving defective products and consumer fraud.

Source: <http://www.prnewswire.com/news-releases/jury-finds-farmers-insurance-guilty-of-fraud-190731761.html>