



Jury Finds GEICO Insurance Guilty of Bad Faith, Breach of Contract, Inflicting Emotional Distress on Disabled Irvine Man, Awards Almost \$23 Million in Damages

Business Wire

Dragged Out Settlement for Almost Six Years; Ignored Requests to Cover Medical Payments, Lost Wages; Rejected Settlement Offers; Family Lost Two Homes

SANTA ANA, Calif.--(BUSINESS WIRE)-- Newport Beach law firm Allen, Flatt, Ballidis & Leslie announced today that an Orange County jury has found GEICO Indemnity Insurance Co. (GEICO) guilty of operating in bad faith and using organization-wide stalling tactics to drag out an auto insurance policy settlement with a disabled Irvine businessman for almost six years.

On March 29, after a trial lasting four weeks, a jury of seven women and five men awarded Omar Dauod, the victim, \$9.9 million in general damages. On April 10, it awarded \$13 million in punitive damages, bringing the total to almost \$23 million.

Dauod was severely injured in an auto accident on October 29, 2009. He underwent surgery for his injuries and continuous treatment in 2010 and 2011, incurring more than \$125,000 in medical expenses. In April and May 2012, he requested payment of \$400,000 of his coverage from GEICO, beginning the six-year tortuous battle with GEICO to settle the case.

In awarding general damages on March 29, the jury summarized the findings:

- » GEICO delayed payments of policy benefits, unreasonably and without proper cause;
- » The delays caused harm to the plaintiff;
- » GEICO actions resulted in past and future economic loss to the plaintiff;
- » GEICO caused noneconomic loss, including emotional distress and mental suffering;
- » The company engaged in conduct with malice, oppression and fraud;
- » GEICO officers and managers knew of, approved and authorized the conduct.

The jury awarded total general damages of \$9,962,494.66 related to the Bad Faith Conduct: Pain and suffering, \$4,000,000; loss of two houses, \$1,942,618 including interest; loss of business, \$3,911,520 including interest; and \$108,355 in attorney's fees, including interest.

James E. Ballidis, partner in the law firm of [Allen, Flatt, Ballidis & Leslie](http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.allenflatt.com%2F&sheet=51787565&newsitemid=20180412005864&lan=en-US&anchor=Allen%2C+Flatt%2C+Ballidis+%26+Leslie&index=1&md5=2ec64f607134162856a48b31d5de947f) (<http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.allenflatt.com%2F&sheet=51787565&newsitemid=20180412005864&lan=en-US&anchor=Allen%2C+Flatt%2C+Ballidis+%26+Leslie&index=1&md5=2ec64f607134162856a48b31d5de947f>), Newport Beach and attorney for the Dauods since the original demand for arbitration was made on August 14, 2012, said the verdicts should send a strong message to insurance companies who take advantage of their insureds.

(<https://insurancenewsnet.com/ads/ibexis-2024-02-body-leaderboard>)

"The findings of the jury underscore the importance of insurance companies to act fairly, promptly, equitably and in the public interest, rather than using their size and power to limit disbursements and maximize their gains," Ballidis said. "We asked GEICO to tender the \$400,000 in underinsured motorist payments and \$5,000 in medical payments on July 9, 2012, and it was ignored. The arbitrator awarded the \$400,000 to Mr. Dauod in November 2013. We tried to settle in October 2014 rather than enter litigation with a bad faith law suit, but were rejected, hence filing on Dec. 12, 2014."

Ballidis said it was disheartening to see the impact the delaying tactics by GEICO had on the Dauod family, financially and emotionally, since GEICO is a subsidiary of Berkshire Hathaway (NYSE: BRK.A), which had \$242 billion in revenues in 2017, according to its annual report, including revenues from its insurance subsidiaries of \$192.9 billion.

"Mr. Dauod couldn't work, he had ongoing medical bills he couldn't pay, and they lost their two homes, which was humiliating," Ballidis said. "GEICO knew of their troubles, but rather than expediting reimbursement, the company continued with delay tactics. It has a proven pattern of delaying payments of claims to try and force plaintiffs to accept a lower amount, while they have use of the money. They requested spurious and irrelevant documents, disputed the need for Mr. Dauod's medical treatments and delayed scheduling a medical examiner for more than a year. The GEICO-appointed examiner agreed with Mr. Dauod's doctors, which GEICO never shared until forced to during arbitration."

Ballidis cited Section 790.03 of the California Insurance Code, Section (h) and the subsections, which serve as a checklist of how GEICO operated in bad faith.

"Previous California Supreme Court decisions reinforced the notion that insurance companies have a fiduciary responsibility to operate in good faith," Ballidis said. "This includes the qualities of decency and humanity inherent in the responsibilities of a fiduciary. Sadly, the delays to make things right with the Dauod family continue. GEICO has refused to pay the verdict, was unapologetic during the punitive damage phase of the trial and said it will appeal the judgment of the jury."

Dauod was a real estate developer based in Newport Beach, California. After the accident on Oct. 29, 2009, he couldn't work and underwent surgery for his injuries. He lost a \$1.4 million development in Colorado in 2012 because he was unable to travel, work and perform construction management responsibilities and oversee projects, Ballidis said.

Ballidis said the Dauod family requests privacy while they recover from the stress of the trial and all that it involved and plan next steps.

For dates and details documenting the six years of delaying tactics, please contact either Tom Gable or Natalie Haack, listed below, and ask for the “Chronology of Events, Daoud vs. GEICO.”

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Nuffer, Smith, Tucker PR

For Allen, Flatt, Ballidis & Leslie

Tom Gable

Mobile Phone: 619-251-3881

Email: tg@nstpr.com (<mailto:tg@nstpr.com>)

or

Natalie Haack

Phone: 619-296-0605, ext. 230

Mobile: 858-945-7096

Email: nh@nstpr.com (<mailto:nh@nstpr.com>)

Source: Allen, Flatt, Ballidis & Leslie