

# News Release

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For Immediate Release

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## **SUPREME COURT URGED TO REVERSE \$145 MILLION PUNITIVE DAMAGES AWARD (*State Farm Mutual Automobile Ins. Co. v. Campbell*)**

The Washington Legal Foundation (WLF) filed a brief with the U.S. Supreme Court, urging it to reverse a \$145 million punitive damages award affirmed by the Utah Supreme Court against State Farm Mutual Automobile Insurance Company. WLF argued on behalf of itself and its client, the Allied Educational Foundation, that the excessive award violated due process standards as delineated in the Court's *BMW v. Gore* decision.

In this case, State Farm's insured, Mr. Campbell, was involved in a car accident. The injured party filed a claim against Mr. Campbell, but State Farm, after investigating the accident, concluded that Mr. Campbell was not at fault, and thus, would not settle the case. The injured party eventually filed suit against Mr. Campbell, and recovered more than the coverage limits of his policy. Although the award was affirmed on appeal, State Farm eventually paid the full award, even though it exceeded the policy's coverage.

In the meantime, Mr. Campbell, at the urging of the plaintiff's attorney for the injured party, sued State Farm for bad faith failure to settle the case for the policy limit. Because Mr. Campbell did not suffer any monetary loss, he sued instead for damages for emotional distress allegedly suffered during the brief period between the time the initial judgment which exceeded his policy coverage was awarded, to the time when State Farm actually paid it. Mr. Campbell and his wife were awarded approximately \$1 million in damages, and a staggering \$145 million in punitive damages against State Farm.

WLF's brief argued that State Farm's due process rights were violated when Campbell's attorneys were allowed to bring into evidence State Farm's claims practices nationwide, which not only had nothing to do with the third-party claim in Utah, but were perfectly legitimate business practices designed to keep costs down. Unless this punitive damages award is

overturned, all policy holders will suffer by facing increased premiums.

WLF's brief was drafted with the *pro bono* assistance of Arvin Maskin, Konrad Cailteux, and Joanne McLaren, of Weil, Gotshal & Manges in New York.

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