

Verdicts & Settlements

Insurer's failure to pay leads to settlement, sanctions

\$375,000 settlement



HAMAWI

This is an action for damages arising out of a fire that destroyed plaintiff Antwan Herman's commercial property and his business personal property.

As a result of the fire and State Farm's failure to pay his claims, the building was demolished by the city of Muskegon, and the plaintiff lost thousands of dollars in lost business income. On the date of the fire, the plaintiff owned the building free and clear, with no mortgages or any other loans. Mr. Herman had operated his tax

and accounting business from the building since 2008.

The fire occurred on June 29, 2017; the plaintiff was hundreds of miles away on a train in Texas returning to Muskegon with his uncle. They provided train tickets and GPS-location pictures showing that neither was in Michigan when the fire occurred.

The Michigan State Police and the Muskegon Police Department requested and received from AT&T cellphone records and cell tower records of the plaintiff's cellphone showing that he was not in Michigan when the fire occurred.

After the fire, the plaintiff timely notified State Farm of the fire. He fully cooperated with State Farm, and submitted to two examinations under oath, produced his uncle and cousin for statements under oath, produced thousands of pages in documents to State Farm, signed all third-party authorizations that State Farm had requested, retained a forensic cellphone engineer and submitted a detailed report with GPS locations proving that he wasn't in Michigan when the fire occurred.

Instead of honoring his claims, State Farm denied the plaintiff's claim alleging that he intentionally set the fire and engaged in fraud.

After failing to produce its complete claims and investigations files, the court ordered State Farm to produce complete unredacted copies of its claims and investigations files. The court also held State Farm in contempt of court and awarded sanctions to the plaintiff.

Discovery revealed that State Farm had no direct evidence to any of the defenses it alleged, including the following, which State Farm had ignored:

1. The plaintiff and his uncle were on a train in Texas returning to Michigan when the fire occurred;
2. The plaintiff produced train tickets; his cellphone download report, and GPS-location-stamped photos showing that he wasn't

in Michigan;

3. The Muskegon Fire Department, or MFD, opined that the cause of the fire is undetermined;
 4. The MFD produced FOIA information, including photos and first-responder videos, showing that the building had been broken into when it responded to the fire, and where the glass of the back door had been broken and found on the ground;
 5. Michigan State Police obtained a search warrant for the plaintiff's phone and his location on the date and time of the fire confirming that he wasn't in Michigan when the fire occurred; and
 6. The plaintiff's cousin testified and provided written proof from his employer showing he was at work when the fire occurred.
- Rabi Hamawi, counsel for the plaintiff, provided case information.

Type of action: Fire insurance case involving arson and fraud allegations

Injuries alleged: Total destruction of the insured's commercial building and its contents

Name of case: Antwan Herman d/b/a Tax Time Accounting and Tax Service v. State Farm Fire and Casualty Company

Court/Case no./Date: U.S. District Court for the Western District of Michigan/1:18-cv-00311/March, 23, 2020

Tried before (jury, judge, facilitation, mediation or arbitration): Mediation

Name of judge: The Hon. Gordon J. Quist

Name of mediator: Magistrate Judge Ray Kent

Settlement amount: \$375,000