

Myers & Company Success Story: Squeezing \$923,000 from a \$25,000 Policy

Washington has a minimum insurance requirement. Drivers have to carry at least \$25,000 in coverage. That minimum amount dates back to the early 1980s.

To give some context: In 1980 gas cost \$1 a gallon. The Dow Jones peaked at 1,000. Jimmy Carter was in the White House and his brother Billy was selling beer.



Minimum limits—set in the early 1980s—are not going to cover most personal injury claims in 2022.

In a recent case our motorcycle client had really bad injuries. He spent a couple months in the hospital. Medical expenses were huge.

We sent a letter asking the at-fault driver's insurance carrier how much coverage she had at the time of the wreck. Radio silence. So we had to file suit to find out how much coverage she carried. Inevitably she had \$25,000.

And here's where it gets interesting.

In Washington there's case law that says an insurer's failure to provide coverage information constitutes bad faith.

Courts in other jurisdictions have done a good job explaining the rationale.

In a California case, *Boicourt v. Amex Assurance Co.*, the plaintiff asked the insurer to disclose its policy limits. The insurer explained that it had a policy not to disclose the amount of policy limits.

The plaintiff filed suit against the insured and recovered an excess judgment (a judgment for more than the policy limits).

In the ensuing bad faith action, the court observed that an insurer's prelitigation refusal to disclose policy limits closes the door on reasonable negotiations and prejudices its insured.

When an insured is prejudiced, the "lid" is essentially off the policy and the insurer has to pay the full amount of any judgment even if it exceeds the policy limits purchased by its insured.

In our case we argued that without limits information, we could not settle with the at-fault driver and had to sue her.

The at-fault driver and her insurance company were represented by great lawyers. And they recognized the risk that failing to provide limits information (and forcing us to file suit) created.

Last week we settled the case for almost \$900,000 more than the at-fault driver's limits.

We're not going to be able to do this in every case. The best thing you can do is buy over \$1M in UM/UIM. But occasionally the planets will line up and pretty phenomenal outcomes can be achieved despite limited coverage.



Mike Myers
mmyers@myers-company.com



Samantha Lin
slin@myers-company.com