

Case Alert



Affirmed: Nationwide Acted in Bad Faith by Failing to Settle Within Limits

The Eleventh Circuit recently affirmed that Nationwide acted in bad faith by refusing to settle a claim against its insured for the policy limits, exposing the policyholder to an excess verdict.¹

The case arose out of a 2005 automobile accident where Seung Park, who was insured by Nationwide, struck and killed another driver, Stacey Camacho. Shortly after the accident, Ms. Camacho's estate issued a time-limited demand for the full limits of the policy Nationwide issued to Mr. Park, \$100,000, to settle the case. After the deadline to respond to the demand expired, Nationwide rejected the demand and made a counteroffer. A settlement could not be reached and a wrongful death suit was filed against Mr. Park, resulting in a massive jury verdict of \$5.83 million.

Following the jury verdict, Mr. Park assigned his rights against Nationwide to Ms. Camacho's estate, which then filed claims for negligence and bad faith failure to settle against Nationwide. The case was tried to a jury, which found in favor of the estate.

The U.S. District Court for the Northern District of Georgia upheld the jury's finding that Nationwide acted in bad faith.² The evidence at trial indicated that Nationwide knew that Mr. Park could be liable for damages exceeding the policy limits, yet it failed to even respond to the estate's settlement demand in a timely fashion, which showed a lack of consideration for the interests of the policyholder. As a result of Nationwide's bad faith, the Court ordered that Nationwide pay the judgment against Mr. Park plus interest, for a total of about \$8 million.

Nationwide appealed to the Eleventh Circuit. After several days of oral argument and comprehensive briefing by the parties and *amicus curiae*, the court upheld the District Court's decision. This case serves as a cautionary tale; by failing to offer up its relatively low policy limits to settle the claim, Nationwide not only exposed its insured to an excess verdict, it exposed itself to millions of dollars of damages by acting in bad faith.

SDV closely follows legal developments regarding an insurer's bad faith failure to settle claims. [Click here](#) to review our analysis of a 2016 decision from the Eight Circuit, [and here](#) to see how courts in Connecticut, New Jersey and California approach this issue.

For more information about this case contact Bethany Barrese at blb@sdvlaw.com or 203-287-2113.

¹ *Camacho v. Nationwide Mut. Ins. Co.*, No. 16-14225, 2017 WL 2889470 (11th Cir. July 7, 2017).

² *Camacho v. Nationwide Mut. Ins. Co.*, 188 F. Supp. 3d 1331 (N.D. Ga. 2016).