

TRIAL COURT RULES PLAINTIFF'S \$55 MILLION PUNITIVE AWARD UNCONSTITUTIONAL

May 19, 2009 | Law Alerts

Nardelli v. MetLife Auto and Home Ins. Agency, Inc.
Superior Court, May 19, 2009

Authored by the [JSH Appellate Team](#)

In May of 2009, a Maricopa County jury awarded a Plaintiff \$55 million in punitive damages against MetLife Auto & Home Insurance Agency, Inc. Plaintiff's car had been stolen and taken across the border to Mexico. The car was recovered within 30 days and MetLife decided to repair the vehicle rather than declare it a total loss. Plaintiff argued for punitive damages based on the Defendant's stated profit goals, which included help from the claims department, coupled with substandard claims handling. The jury awarded Plaintiff \$150,000 in compensatory damages and \$55 million in punitive damages.

Maricopa County Judge Craig Blakey held the punitive award unconstitutional and reduced the \$55 million punitive damage award to \$620,000. He discussed the reprehensibility of the Defendant's conduct, the ratio between compensatory and punitive damages and how the punitive damage award compared with other available civil penalties. And here, said the court, Plaintiff suffered no physical harm (only economic harm); the misconduct appeared to be an isolated incident; and the ratio of compensatory to punitive damages was completely outside the purported 9 to 1 ratio established by the U.S. Supreme Court.

The court did find that the Defendant preyed on the Plaintiff's financial vulnerability; that the Defendant's actions in handling the claim was deceitful, and that the civil penalties available were irrelevant as a benchmark in trying to determine the constitutionality of punitive damages.

The most important factor to the court when considering the reasonableness of the punitive damages award was the degree of reprehensibility of Defendant's conduct and whether or not it involved reckless disregard to the Plaintiff's health or safety. Thus, even though the Plaintiff testified to suffering psychological injury and showed a pre-existing condition, the court found that the Defendant was not aware of the pre-existing condition, nor did it purposely intend to worsen Plaintiff's health condition. Nonetheless, a 4 to 1 ratio of punitive damages was appropriate, given that the Plaintiff was particularly vulnerable to financial stress and the Defendant did show reckless indifference and disregard for this condition.

A notice of appeal has been filed.