

Sent: Friday, September 21, 2007 2:29 PM

Subject: SF Agents An update on the State Farm v Pyorre litigation

(Submitted by Rich Pyorre)

Below is information on the second litigation State Farm has brought against me in Santa Rosa. The first litigation is also continuing and is set for Ukiah on March 24. I thought some of you might be interested in what was going on with the case, so here is an article about what is about to happen.

Both litigations have been started by State Farm, I have just cross complained. An interesting trial will be starting on Sept 28, 2007 in Santa Rosa, California. This trial is over State Farm's refusal to provide coverage for two of its former agents who State Farm sued. Yes, State Farm sued these two former agents and apparently forgot they were also policyholders. Both agents filed a claim with State Farm for coverage and State Farm was forced to pay for the agents' defense costs. The trial lasted approximately 6 weeks and the costs were approximately \$2 Million for the agents and approximately \$4 Million for State Farm's side.

The jury found in favor of the agents in the amount of \$12,600,000 and nothing for State Farm. State Farm, toward the end of the trial, quit paying for the agents' defense costs and cited new case law for the reason they no longer were required to provide defense costs. Even though State Farm appealed the verdict, they refused to continue paying the defense and State Farm even filed another lawsuit against the agents (the one now starting in Santa Rosa) asking to be reimbursed for the costs paid on behalf of the agents. The agents once again have cross complained and filed a complaint for State Farm's bad faith.

State Farm has attempted two summary judgments that have been denied. The Santa Rosa trial will determine if State Farm was required to pay for the defense of the litigation brought by State Farm, and it will also determine if State Farm is guilty of bad faith in failing to continue paying the defense costs.

This is a rather unique and interesting case in that State Farm is not only the plaintiff but also the insurer responsible for the defendant costs. In other words, State Farm is covering both sides of the lawsuit brought by itself!

There is also evidence in this case that State Farm has manufactured documents in order to try and win their summary judgment. In addition to this, one of the agents has documentation showing State Farm has committed perjury to the IRS and that State Farm has also breached its own contract with its own agents.

This case should paint a pretty clear picture of the lengths State Farm will go to avoid paying what they rightfully owe and the tactics used by State Farm. It should also show the arrogance of the executives at State Farm in not only continuing with a litigation in which they are responsible for paying both sides of, but of starting another litigation that could cost the company even more!

The Santa Rosa trial is case #234700 in Sonoma County Superior Court, Judge Knoel L. Owen presiding.