

Trial Court Erred In Denying Insurer's Fee Request Based On Nominal Settlement Offer, Says Florida Appellate Court

03.29.18



(Article from *Insurance Law Alert*, March 2018)

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A Florida appellate court ruled that a trial court erred in denying an insurer's attorneys' fee request on the basis that the insurer's nominal settlement offer was made in bad faith. *Mount Vernon Fire Ins. Co. v. New Moon Mgmt.*, 2018 WL 844131 (Fla. Ct. App. Feb. 14, 2018).

New Moon sought coverage from Mount Vernon for water-related damage. After obtaining an engineering report, Mount Vernon denied the claim based on policy exclusions. New Moon sued the insurer, alleging breach of contract and bad faith. After nearly two years of discovery, Mount Vernon made a nominal settlement offer of \$1,000 and moved for summary judgment as to coverage under the policy. A trial court granted the motion. Thereafter, Mount Vernon sought attorneys' fees and costs under Florida statutory law based on New Moon's failure to accept its settlement. The trial court denied Mount Vernon's motion for fees and costs, finding that its settlement offer was not made in good faith. The appellate court reversed.

The appellate court held that the trial court abused its discretion by ruling that the nominal settlement offer was not made in good faith. The court explained that because the offer was made after two years of extensive discovery and was based on engineering and investigative damage reports, Mount Vernon had a "reasonable basis" to conclude that its exposure was nominal.

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