

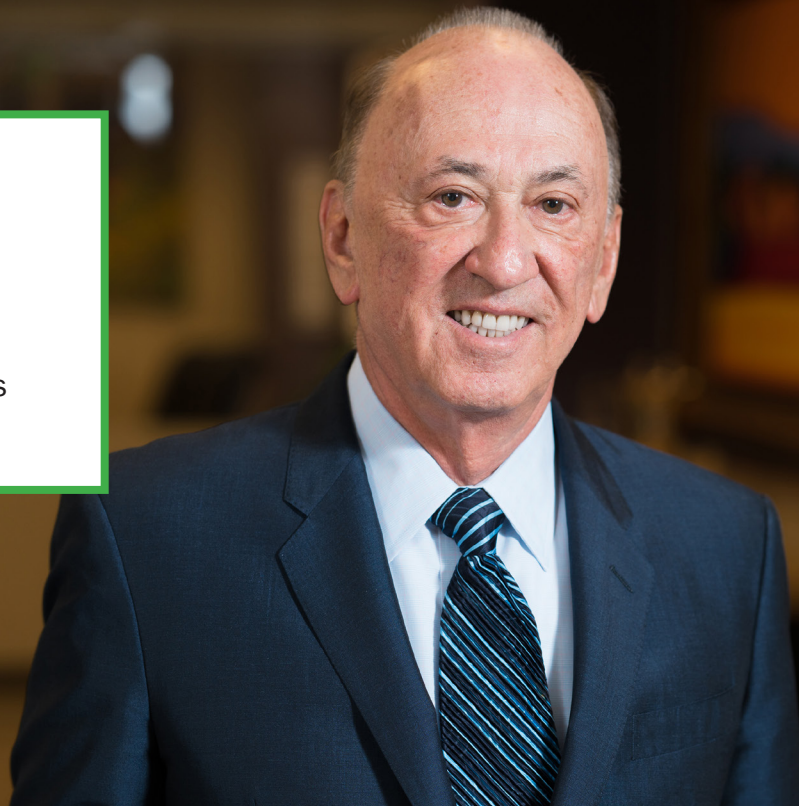
TOP PLAINTIFF LAWYERS

2018

William M. Shernoff

Shernoff Bidart Echeverria LLP
Claremont, Beverly Hills

Insurance bad faith



Shernoff lays claim to have virtually invented the insurance bad faith tort, as established in the 1979 state Supreme Court case *Egan v. Mutual of Omaha Insurance Company*. He now focuses on a subcategory: seniors and veterans victimized by insurers he says are peddling annuities scams.

He's currently representing Margaret Cowdery, a 101-year-old veteran of World War II. "She had \$500,000 in savings. She is in assistant living, and she fell victim to a salesman pretending to be from the Veterans Administration who told her she qualified for a VA pension," Shernoff said. "She didn't qualify, because those pensions are for vets with assets less than \$80,000." But companies dupe people into purchasing restrictive annuities, tying up their funds to mislead the Veterans Affairs into believing they are qualified for the pension. "In Margaret's case, they took \$450,000 of her savings. This whole thing has got me on the warpath."

As a result of predatory insurance practices, the VA website warns about "pension poaching scams."

Shernoff, who sued insurers on Cowdery's behalf for bad faith, fraud and financial elder abuse, settled with most of Cowdery's insurance company defendants on a confidential basis, except for one insurer that got out of the case on a statute of limitations claim. He's appealing that ruling, intending to reverse it and take that defendant to trial. "We're citing the delayed discovery rule — the statute is tolled if you don't know you're being scammed," he said. *Cowdery v. National Western Life Insurance Co., Old Mutual Financial Life Insurance Co.*, PSC1504914 (Riverside Super. Ct., filed Oct. 19, 2015).

"I'm upset because I know how much of this goes on," Shernoff said. "Salespeople give presentations at assisted living facilities and make commissions. It's tragic. Margaret represents just the tip of the iceberg, and I'm champing at the bit to try her case. I can't think of a more vulnerable group of people that veterans in nursing homes."

Shernoff said he currently has two other main areas of interest. "We have health insurers who let the profit motive interfere with the proper handling of cases. And we have these California wildfire cases, both in Santa Rosa and around Santa Barbara. We

have 50 or more people who have had trouble getting benefits."

He's also involved in a national class action against Transamerica Insurance Co. on claims it committed bad faith and breach of contract by massively increasing premiums on long-term universal life insurance policyholders, many of them elderly individuals who cannot afford the increase. In December, the plaintiffs gained class certification. Shernoff and fellow plaintiff lawyers are seeking a preliminary injunction to prevent any lapse in coverage from taking place. *Feller v. Transamerica Life Insurance Co.*, 2:16-cv-01378 (C.D. Cal., filed April 25, 2016).

"All this keeps me busy. After 50 years, the cases keep my adrenaline flowing," Shernoff said.

As a scourge of the industry, he said he has no problem with the way insurance companies handle his personal policies. "I have a Palm Springs home that had some water damage," he said. "I never saw a claim handled so promptly. They didn't even make me sign a proof of loss, and I think they overpaid me."

— John Roemer