We believe this to be a very bad proposal.

In an arbitration case the focus should be on the amount of harm done, not the ability of an insurance company to pay. As mentioned in the proposal, the matter of the amount of coverage can be very misleading. Sometimes the policy will not cover the claim. In cases of multiple claims resulting from a single event, the limits of coverage are exhausted. Everyone loses in that situation.

It is easy to envision a situation where members of a family that invested in the same product, all file a claim. Knowing the existence of and the amount of coverage in the defendant's liability policy changes the dynamics of the case. It reduces the incentive to settle. It encourages the plaintiff to spend more resources to create the illusion of a larger case and exaggerate the amount of damages. A case that had $50,000 in actual damages now becomes a case of $50,000 in loses plus another $150,000 in loss of opportunity. Knowing that there is $500,000 in coverage negates the incentive to settle, or results in a settlement for amounts over the original $50,000.

This would substantially increase the cost to defend a case because plaintiff's would spend more time and money on witnesses, experts, and number of depositions. The defendant would be required to expend resources to answer each of those.

We are aware of insurance companies pressuring the defendant to settle so badly that the defendant was forced into a settlement that was not of their best interest. This would only get worse.

As mentioned earlier, this is a very bad proposal.

Robert Keenan, CEO

St Bernard Financial Services, Inc.

Member FINRA and SIPC