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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Insurer Owes Car Dealership \$4.3M Over Ex-Employee's Suit

By **Daniel Siegal**

Law360 (May 29, 2019, 9:36 PM EDT) -- A Maryland federal jury has awarded an East Coast car dealership chain \$4.3 million in its dispute with insurer Universal Underwriters Insurance Co. over the latter's failure to defend the dealership from a lawsuit brought by the daughter of one of the owners who alleged she was denied a promised share in the company.

Following a three-day trial, the Greenbelt jury on May 24 sided with plaintiffs John Darvish Sr., John Darvish Jr., Jamshyd Darvish and Mariam Inc., the owners of the Darcars group of dealerships. The jury awarded them \$4.28 million, the full amount they sought, according to their attorney Rebecca Pomeroy of Bailey & Glasser LLP.

"We're extremely pleased that the jury awarded full damages on a case where the insurance company, Universal Underwriters, a subsidiary of Zurich Insurance Company, clearly should have defended our clients and failed to do so," Pomeroy said via email.

An attorney for Universal Underwriters did not immediately respond to a request for comment on Wednesday.

U.S. District Judge Peter J. Messitte had already ruled in October that Universal Underwriters had breached Darcars' policy by failing to defend it in the 2015 lawsuit brought by former employee Tammy Darvish Fallahi, who is Darvish Sr.'s daughter.

Fallahi had sued in Maryland state court, claiming her father and brother had denied her a career opportunity by refusing to give her a share in the car dealership chain as Darvish Sr. promised, according to the Darvishes' brief arguing for summary judgment.

Darvish Sr. and Darvish Jr. said that Universal Underwriters had wrongly refused to defend that lawsuit under the wrongful employment practices section in their policy, which had a \$22 million limit.

Instead, the Darvishes had to retain their own attorneys, paying more than \$4 million in fees and costs defending the suit, where they won summary judgment in trial court before settling with Fallahi on appeal, according to their brief.

Darvish Sr. and Darvish Jr. contended in their briefing that even though it could be disputed that Fallahi's claim was covered by the wrongful employment practices section in their policy, there was no dispute that there was the potential for coverage — and so Universal Underwriters had a duty to defend the suit.

Darcars and the Darvishes are represented by Rebecca Pomeroy and Cary Joshi of Bailey & Glasser LLP.

Universal Underwriters is represented by Robert P. O'Brien and Bryant S. Green of Niles Barton & Wilmer LLP.

The case is Mariam Inc. et al v. Universal Underwriters Insurance Company, case number 8:17-cv-

03021, in the U.S. District Court for the District of Maryland.

--Editing by Adam LoBelia.

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