News

Significant Punitive Damages Awarded by Saskatchewan Court

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In the recent case *Branco v. American Home Assurance Company*, the Court of Queen's Bench for Saskatchewan ordered $4.5 million in punitive damages against two insurance companies arising from what the court found to be their "cruel and malicious acts" against an injured worker. The case involved a worker who was injured on the job while working overseas for a company wholly-owned by a Saskatchewan entity. Further to the company's insurance policy, the worker was entitled to benefits equivalent to those provided by workers' compensation. While medical evidence confirmed he was unable to work, the insurer AIG refused to pay the benefits and instead offered an inadequate cash settlement. Similarly, the long-term disability carrier refused to pay for several years at which point it made a lump sum payment.

Both aggravated damages and punitive damages ($1.5 million against AIG; $3 million against Zurich) were awarded. In making its award, the Court stated that the insurance industry "must recognize the destruction and devastation that their actions cause in failing to honour their contractual policy commitments to the individuals insured." No damages were awarded against the employer, which was found to have acted in a reasonable manner.

For a more detailed discussion of this case, see our Case in Point blog post "New High Water Mark for Punitive Damages Award: $4.5 million."