



## Legislation Text

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**File #:** 060818., **Version:** 0

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AIG'S DECLINATION OF COVERAGE IN WATSON CONSTRUCTION V. CITY OF GAINESVILLE EIGHTH JUDICIAL CIRCUIT, ALACHUA COUNTY, CASE NO: 2001-CA-1356, DIVISION "K" (B)

Authorize the City Attorneys office to retain special counsel on a contingency fee basis to file a damage suit against National American Fire Insurance Company of Pittsburgh PA (AIG) for wrongfully denying insurance coverage to the City of Gainesville.

In September, 2004, Watson Construction Company provided the City notice of its intent to pursue a claim for damages against the City as a result of a moratorium the City enacted in 2001. The City immediately put AIG on notice of Watson's intent to sue and request for damages.

In April, 2005, Watson filed a Second Amended Complaint alleging four civil rights counts, two counts of "takings" and a state tort count. The City forwarded the complaint to AIG and requested coverage under the City's policy with AIG. AIG has denied coverage on several occasions for a number of reasons. The City Attorney has consulted with special insurance counsel who have reviewed AIG's reasons for denial of coverage and believe that Watson's claims against the City should be covered under the City's policy with AIG. This firm specializes in this type of action against insurance companies.

Insurance counsel, Ver Ploeg & Lumpkin, P.A., propose to represent the City under a contingency fee agreement. The City would not pay any attorneys fees to the firm, but would pay a percentage of its recovery from AIG if the lawsuit were successful. Insurance counsel would also attempt to recover its fees directly from AIG, thereby not requiring a portion of the City's recovery if it were successful. The City would only be responsible for the costs of the lawsuit.