

Federal Court Dismisses Insurer's Claims Seeking Tens of Millions of Dollars in Damages

A federal judge has dismissed claims brought by a South Carolina insurance company against Texas-based insurance agency Highpoint Risk Services and its owner, Charles David Wood, Jr.

In 2014, Highpoint filed a lawsuit against Companion Property and Casualty Insurance Co. in Texas seeking reimbursement for more than \$30 million in workers' compensation claims payments, according to an article published by **Androvett Legal Media and Marketing**. Companion filed a countersuit in South Carolina against Highpoint and other companies owned by Wood. That lawsuit sought more than \$40 million in damages for an alleged shortfall in reinsurance collateral and claims relating to the issuance of various workers' compensation policies. Companion, purchased by Enstar Group Ltd. (NASDAQ: ESGR) in 2015, now operates as Sussex Insurance Company and remains headquartered in Columbia, S.C.

On Jan. 10, Senior U.S. District Judge Cameron McGowan Currie ruled that Companion was contractually barred from recovering any alleged shortfall from Wood. In dismissing other claims against Highpoint and Wood for alleged breach of fiduciary duty and alleged violations of the South Carolina Unfair Trade Practices Act, the court found that "there is no evidence Highpoint (or Wood) owed or breached" a fiduciary duty to Companion in connection with the issuance of Companion's workers' compensation policies.

"The court has dismissed the core of the case brought by

Companion,” said Eric Haas, name partner at Dallas-based law firm **Gardner Haas** and counsel for Wood and the defendant companies. “An insurer cannot avoid the terms of its own policies and can’t complain when its agreements are given their clear and natural effect. We look forward to successfully pursuing Highpoint’s claims against Companion at trial in the Texas action.”

The case is *Companion Property and Casualty Insurance Company v. Charles David Wood Jr. et al.*, Case No. 3:14-cv-03719, in the U.S. District Court for the District of South Carolina.

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