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Real Estate Firm Sues AIG Again for Bad Faith

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Real estate firm Cushman & Wakefield Inc. on Wednesday sued an American International Group Inc. unit, charging the insurer with breach of contract and bad faith in the latest instance of litigation between the two firms.

Chicago-based Cushman & Wakefield charges AIG unit Illinois National Insurance Co. with violating its obligations under an excess insurance policy by belatedly reversing its coverage position and refusing to fund the settlement of a covered claim under the policy, according to the lawsuit filed in U.S. District Court in Chicago in *Cushman & Wakefield of Pennsylvania LLC v. Illinois National Insurance Co.*

The lawsuit charges that AIG's "unreasonable conduct and hostility" follows Cushman's success in a separate \$48 million coverage litigation against Illinois National, in which the court found Illinois National to be liable to Cushman for the full \$23 million of its policy limits.

The U.S. District Court in Chicago ruled in that case in April. It subsequently ruled in June that Illinois National was not entitled to almost \$3 million in prejudgment interest in the case.

"The dispute that forms the substance of this Complaint involves the same insurance policies, as well as nearly identical bad faith conduct by Illinois National," according to the complaint.

The lawsuit charges that "Illinois National's unwarranted change of position and its belated refusal to honor its obligation under the Policies, as well as its attempt to strong-arm Cushman into a settlement, irrespective of the reasonableness of that settlement, constitute a breach of the Policies and an impermissible attempt by Illinois National to place its own interests above those of its insured."

The underlying litigation in this latest case is a lawsuit filed against Cushman that charges fraudulent misrepresentation arising out of a real estate appraisal the firm generated on 2006, according to the complaint.

An AIG spokesman did not immediately respond to a request for comment, while Cushman & Wakefield's attorney had no comment.