

Miami Law Firm Increases Claims Against USAA To \$20M

By **Nathan Hale**

Law360, Miami -- Miami-based insurance defense firm [Herssein Law Group](#) filed an amended complaint Friday, increasing its claims in a suit against financial services company United Services Automobile Association to \$20 million for alleged contract breaches it says forced the closure of its New York and Tampa offices.

The new claims amount, meant to cover the firm's claims for interest, attorneys' fees and costs, is four times the \$5 million it sought in its **initial complaint**, filed July 13 in Florida's Eleventh Judicial Circuit Court.

HLG's suit says that USAA misrepresented its intentions when in the summer of 2014 it renewed their agreement, originally signed in 2008, to hire the law firm for its insurance defense litigation, asking HLG to expand its presence in Tampa and saying it would guarantee to send the firm 50 percent of its incoming Florida personal injury protection cases each month.

HLG holds the company never intended to comply with the promises made in the deal and its failure to send enough work to the firm led the firm to have to make its closings and lay off several attorneys.

In its amended complaint, HLG adds further details to its allegations, claiming that USAA's top management quickly "balked" when they saw how much the new agreement was going to cost the company.

"Consequently, USAA intentionally reduced the amount of cases it sent to HLG, because every case that USAA did not assign to HLG was \$4,000 that USAA did not pay to HLG," the firm says.

The amended complaint details that USAA made payments to the firm of approximately \$1 million in just the first two months of the new agreement, including \$772,000 in flat-fee payments under the agreement for 197 Florida PIP lawsuits.

At that rate, averaging 96 PIP lawsuits per month at the agreed flat-fee rate of \$4,000 per suit, USAA would have had to pay HLG about \$13.8 million over the next three years.

Combined with the approximately \$3.6 million in fees USAA had paid each year for additional billable cases, the total cost over three years would have reached about \$25 million.

Instead of continuing at that rate, however, the number of PIP cases sent to HLG dropped to an average of 69 cases by November and December 2014.

HLG notes in the amended complaint that it has appended documents to its pleadings that it says USAA might contend are confidential because the company has unilaterally labeled them as such, but it holds that any previous attorney-client privilege protection was waived by USAA "by virtue of its conduct as alleged herein."

HLG said that based on the new contract and on the volume of work expected, HLG negotiated with its

landlord in Miami for extra space and expanded and improved its Internet, telephone, data and computer security systems.

But the work started to drop off earlier this year and continued to decline each month, according to the complaint, and forced the firm to terminate 15 attorneys and staff members and close the Tampa office.

The firm said it had already run into this issue in 2012, when USAA had asked HLG to open an office in New York. The firm agreed, but then once the work did not come in as expected, the firm had to close that office less than a year after opening, according to the suit.

The complaint also names Florida firm Roig Lawyers as a defendant and accuses the firm of interfering with the contract by telling USAA that it would do the work for less money than HLG.

USAA officially terminated the agreement with HLG on July 1. At that point, Roig Lawyers and Dutton Law Group asked HLG to transfer its active USAA cases to their firms.

“The sudden termination of HLG's relationship with USAA, coupled with the forced transmission of hundreds of its active case files to Roig and Dutton, had caused HLG to lose significant goodwill, damages its reputation in the insurance defense industry and has caused HLG to suffer substantial financial losses,” HLG said.

Counsel for USAA and Roig did not immediately respond to requests for comment late Friday.

HLG is represented by Alan J. Kluger and Todd A. Levine of [Kluger Kaplan Silverman Katzen & Levine PL](#).

USAA is represented by Stephen B. Gillman, Frank A. Zacherl and Amy M. Wessel of [Shutts & Bowen LLP](#).

Roig Lawyers is represented by Steven M. Katzman of Katzman Wasserman Bennardini & Rubinstein PA.

The case is Law Offices of Herssein & Herssein PA v. United Services Automobile Association et al., case number 2015-15825-CA, in the Eleventh Judicial Circuit Court of Florida.

--Additional reporting by Carolina Bolado. Editing by Philip Shea.