

## Emotional Distress Damages in a Bad Faith Action Must Result from Economic Loss

Posted on April 2, 2009 by [Jenny Wang](#)

*Major v. Western Home Ins. Co.*, 169 Cal. App. 4th 1197 (2009).

Emotional distress damages in an insurance bad faith action must be “tied” to economic loss in order to be recoverable. Specifically, emotional distress damages are not recoverable without economic loss, and emotional distress damages must relate to the amount of economic loss suffered.

The Majors sued their home insurer, Western, for losses arising out of a fire that destroyed their home and all personal belongings. The Majors obtained a jury verdict in their favor consisting of, among other things, approximately \$31,000 in economic damages and \$450,000 in noneconomic damages. The factual findings included a determination that Western unreasonably handled the Majors’ claim and that the Majors were financially vulnerable. Western asserted on appeal that the noneconomic, or emotional distress, damages awarded were excessive as a matter of law.

The appellate court disagreed with Western and upheld the noneconomic damages award. Explaining that a delay in payment of benefits, standing alone, without resulting economic damages, is insufficient to support an award of emotional distress damages, the court upheld emotional distress damages in an insurance coverage bad faith action, holding that such damages must be tied to actual, not merely potential, economic loss. The reason is because mental distress is compensable as an aggravation of financial damages, not as a separate cause of action. Moreover, the court held that once an insured makes a threshold showing that he or she suffered an economic loss, thus, triggering a right to emotional distress damages, the emotional distress damages must relate to the amount of economic damages and must be proximately caused by the insurer’s unreasonable conduct.

Judicial Opinion Available [Here](#)