

To Defray Legal Costs, Cosby Turns To Insurance

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In defending himself against lawsuits from women who say he sexually assaulted and then defamed them, Bill Cosby is facing mountainous legal expenses.

Luckily for him, he has homeowners' insurance.

That is the surprising tool Mr. Cosby is using to pay his legal fees as he battles defamation claims filed by 10 women in three states.

Mr. Cosby's insurer, American International Group, better known as A.I.G., has gone to court to deny him coverage, arguing, among other things, that it should not have to cover claims that arose from alleged acts of sexual misconduct.

But so far, Mr. Cosby is winning. "The court finds that plaintiff has a duty to defend," Judge Beverly Reid

Finding financial support in a homeowners' policy.

O'Connell, of Federal District Court in Los Angeles, said in a ruling last November that favored Mr. Cosby.

Though it may seem novel, Mr. Cosby's policy is a lot like those held by millions of affluent homeowners and other wealthy people who bolster their insurance coverage so that they are protected if they are ever sued.

The pitcher Roger Clemens, O. J. Simpson and Bill Clinton have all used so-called personal injury coverage, typically tied into their homeowner's policy, to battle lawsuits.

In 1994, Mr. Clinton was fending off accusations that he had sexually harassed Paula Corbin Jones, and that he had his aides cast her account as a lie when they denied the incident occurred.

Ms. Jones sued on defamation and

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Damp, chilly and breezy with occasional rain and drizzle. Windy on the coast. Highs in the 40s north to near 60 far south. Some rain tonight. Weather map is on Page A17.

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Bill Cosby Turns to His Homeowners' Insurance to Help Defray His Legal Expenses

From First Arts Page

other grounds, and Mr. Clinton's insurers helped defray the costs. Mr. Clinton's lawyer said that Mr. Clinton was surprised when he learned his policies would help cover the legal expenses.

Others were, too.

"How is it that someone has insurance to cover a defamation claim?" Greta Van Susteren, the talk show host, asked on the air after Mr. Clinton's coverage became known. "I mean, where do you buy that, or how do you get that?"

The typical homeowner's policy covers bodily injury, the sort of claim that arises when the mail carrier slips on your broken front stoop. But many wealthy Americans, with assets to protect, often pay for enhanced "personal injury" clauses or umbrella policies that provide coverage in a range of other circumstances, including lawsuits that accuse the policy holder of defamation. Two

decades ago, the insurance industry estimated that seven million people in the United States held such umbrella policies, although the Insurance Information Institute said it does not have current estimates.

"I don't think that celebrities go out looking for defamation coverage. I think they buy quality insurance, and that happens to include defamation coverage," said Randy Maniloff, an insurance coverage lawyer in Philadelphia.

Many homeowners do not realize the extent of their coverage until they have a reason — like a defamation suit — to read the fine print.

According to Richard D. Emery, a lawyer who represented a former trainer for Mr. Clemens who sued him for defamation, "It's not common, because defamation cases are not common, and certainly defamation cases based on sexual misconduct cases are even more rare."

But in Mr. Cosby's case, the defa-

mation suit has become a popular weapon for women who say the entertainer sexually assaulted them decades ago. When they came forward, it was too late to sue on sexual assault grounds, because the statute of limitations had expired. So women have sued him for defamation instead, asserting they were branded as liars when Mr. Cosby's lawyers and other representatives dismissed their allegations as fabrications.

To cover his legal costs, Mr. Cosby is relying on the insurance policies he had on his homes in Massachusetts and California, each with limited liability coverage of \$1 million, according to court records. Mr. Cosby and his wife, Camille, also have an extra liability policy with coverage of \$35 million.

Mr. Cosby wants his insurer to pay for the cost of defending him and to cover any final judgments, up to the set limits.

For now, A.I.G. is paying the legal fees in three of the five defa-

mation cases. It's unclear if it is covering the costs for the others, filed by two women in Massachusetts. The company did not return calls seeking comment.

But A.I.G. is fighting in federal court in Massachusetts and California and in state court in Penn-

His insurer, A.I.G., is challenging his policy claims in court.

sylvania to reclaim its legal costs, while also arguing that it should not be on the hook for any final judgments.

The insurance company says Mr. Cosby is not covered because there is a "sexual misconduct exclusion" in his policies, a clause that rules out claims for personal injury "arising out of" any actual

or alleged sexual misconduct.

In her November decision, though, Judge O'Connell in California rejected that argument in a defamation case brought by the former actress Janice Dickinson.

"Sexual misconduct may be the subject matter of defendant's statements, but defendant's statements, not his alleged sexual misconduct, directly caused the injury for which Dickinson now seeks relief," she said.

The judge decided, among other things, that the policy was worded ambiguously; and in matters of ambiguity, the law is interpreted in favor of extending coverage.

A.I.G. says it plans to appeal the ruling. It has also amended its complaint to put forth additional grounds for its assertion that Mr. Cosby is not covered, including the fact that the named insured on the California policy is not Mr. Cosby, but his limited liability company.

Not all of Mr. Cosby's legal bills

are being paid by A.I.G.. For example, he has no insurance to cover the cost of his defense in a criminal case in Pennsylvania, where prosecutors say Mr. Cosby sexually assaulted a young woman in his home in 2004. Mr. Cosby has denied wrongdoing in that case, and in all the cases that are the subject of the defamation suits.

In Massachusetts, the lawyer for seven women suing Mr. Cosby for defamation, Joseph Cammarata, was also a lawyer for Paula Jones when she sued Mr. Clinton, who paid a settlement but never admitted wrongdoing.

Mr. Cammarata is not a fan of the practice in which insurance companies pick up the tab in such instances.

"If the allegations are true, you can harm someone, and get somebody else to pay for your wrongdoing," he said. "God bless America! There is no financial responsibility."