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LOCKE LIDDELL & SAPP WINS MAJOR VICTORY FOR CROWN LIFE INSURANCE COMPANY

July 2, 2002 – Following a two-week trial in state District Court in Austin, the jury in Judge Margaret Cooper’s Court has rendered a Plaintiff-take-nothing verdict in favor of Crown Life Insurance Company in a major case that has been closely followed by the insurance industry. Plaintiff William Casteel had sought damages under the Texas Deceptive Trade Practices Act and Article 21.21 of the Texas Insurance Code in the amount of \$70 million including attorneys’ fees and pre-judgment interest. Crown Life was represented by Locke Liddell & Sapp LLP.

Casteel alleged that he suffered damages for lost earnings and emotional distress as a result of his sale of so-called “vanishing premium” life insurance policies to persons in Austin, including fellow members of the Hyde Park Baptist Church. Among other things, Casteel alleged that he was ostracized in his church because the Crown Life policies which he sold did not perform in accordance with the policyholders’ expectations.

This was a retrial of a case which was originally tried in 1995. At that trial, Casteel was represented by Austin attorney Gary DeShazo and Crown Life was represented by Doug Becker of the Austin firm of Grey & Becker. At that trial, a \$36 million dollar verdict was rendered against Crown Life on behalf of Casteel. Locke Liddell & Sapp was hired after the verdict and successfully persuaded the trial court to enter a judgment Not Withstanding the Verdict (NOV) in favor of Crown Life. That judgment NOV was ultimately upheld by the Supreme Court of Texas; however, the Supreme Court remanded the case back to the trial court for a new trial because of a defect in the jury charge.

At the new trial, Crown Life Insurance Company was represented by Locke Liddell Austin partners Alan Waldrop, John Schwartz and Barbara Ellis and Dallas partner Edwin R. DeYoung. Crown Life’s U.S. General Counsel Kevin Hayes also participated in defense of the case and testified at the trial. William Casteel was represented at the new trial by Fred Davis and Dean Davis of the Austin firm of Davis & Davis. Waldrop and Schwartz took the lead in defending this case. DeYoung is Crown Life’s national counsel and has also represented them in several class actions as well as numerous individual cases filed by policyholders from various jurisdictions in the United States, South America, Mexico and the Pacific Rim.

Established in 1891, Locke Liddell & Sapp LLP is recognized as one of the leading law firms in Texas and throughout the nation. A full service law firm with offices in Austin, Dallas, Houston and New Orleans, Locke Liddell & Sapp has more than 400 lawyers who represent a broad range of businesses and individual clients having extensive domestic and foreign business interests.

