

# **EXHIBIT 3**



entity and a religious order. GFA USA raises money to help fund a variety of charitable missions and initiatives, primarily in South Asia and India. It has raised multi-millions of dollars to help the poorest of the poor.

3. K.P. Yohannan is the founder of GFA USA and at all relevant times was and currently serves as its President.

4. Gisela Punnose is and was at all relevant times a director of GFA USA.

5. Daniel Punnose is and at all relevant times was the Vice President of GFA USA and a member of its Board of Directors.

6. David Carroll was at all relevant times the Chief Operating Officer of GFA USA.

7. Patrick Emerick is and was at all relevant times the President of Gospel for Asia Canada.

8. Upon information and belief, Philadelphia is a Pennsylvania corporation engaged in the business of insurance and licensed to do business in the State of Texas. Service of process on Philadelphia may be accomplished by serving its registered agent for service of process, CT Corporation System at 1999 Bryan Street; Suite 900, Dallas, TX 75201-3136. Philadelphia issued Commercial Lines Policy No. PHPK1421552 (the "Policy") to GFA USA as the named insured. The coverage at issue involves the Human Services Organization Professional Liability Coverage Form contained in the Policy.

### III. JURISDICTION AND VENUE

9. This Court has jurisdiction over this lawsuit, as the damages sought by Plaintiffs are within the jurisdictional limits of the Court.



10. Venue is proper in Kaufman County, Texas pursuant to Section 15.002 of the Texas Civil Practice & Remedies Code as all or a substantial part of the events or omissions giving rise to the claim occurred in Kaufman County, Texas.

**IV.  
STATEMENT OF FACTS**

11. In February 2016, GFA USA became aware of the filing of a putative class action lawsuit against Plaintiffs. Accordingly, GFA USA placed Philadelphia on notice of the suit and requested defenses for Plaintiffs.

12. Philadelphia denied coverage to Plaintiffs, however, the reasons provided by Philadelphia for denying coverage to Plaintiffs were wrong. Plaintiffs responded by challenging Philadelphia's coverage denial. In so doing, Plaintiffs explained why coverage exists under the Philadelphia policy, thereby invoking a duty on Philadelphia to defend Plaintiffs.

13. Another putative class action lawsuit was filed against GFA USA Plaintiffs. Both suits were brought by the same lawyers. There are no differences in the putative class allegations between the two lawsuits. The alleged putative class in both lawsuits is exactly the same. The alleged conduct of the Plaintiffs in both suits is exactly the same. The theories alleged against Plaintiffs are exactly the same in both lawsuits. The relief sought in both lawsuits is exactly the same. Plaintiffs tendered the second lawsuit to Philadelphia and demanded a defense.

14. Philadelphia continues to raise erroneous and unmeritorious arguments in an attempt to justify its coverage denial. Although Philadelphia had wrongfully denied coverage, Plaintiffs were able to secure partial coverage for its attorneys fees and expenses incurred in defending the lawsuits from another insurer. Accordingly, Plaintiffs have sustained and they continue to sustain damages to the extent they are forced to partially pay their defense costs.



V.  
CAUSES OF ACTION

Violation of Chapter 541 of the Texas Insurance Code

15. GFA USA Plaintiffs adopt the preceding paragraphs as if fully set forth herein.

16. As a prerequisite to bringing this action, Plaintiffs served a notice letter on Philadelphia pursuant to Tex. Ins. Code §541.154. Philadelphia's response to that letter did not invoke Tex. Ins. Code §541.156.

17. Philadelphia repeatedly wrongfully represented to Plaintiffs that no coverage was afforded to Plaintiffs under the Philadelphia policy. Accordingly, Philadelphia misrepresented to Plaintiffs a material fact or policy provision relating to coverage at issue in violation of Tex. Ins. Code §541.060(a)(1).

18. Philadelphia has failed to promptly pay Plaintiffs' defense costs despite the clear coverage for such defense costs under the Philadelphia policy. By doing so, Philadelphia has failed to attempt in good faith to effectuate a prompt, fair and equitable settlement with respect to which Philadelphia's liability is reasonably clear in violation of Tex. Ins. Code §541.060(a)(2)(A).

19. Philadelphia has repeatedly failed to promptly provide Plaintiffs a reasonable explanation of the basis in the policy, in relation to the facts or applicable law, for its denial of their claim in violation of Tex. Ins. Code §541.060(a)(3). Instead, every explanation Philadelphia has provided to Plaintiffs related to its denial of coverage has been wrong.

20. If Philadelphia is taking the position that it does not owe Plaintiffs coverage for the second lawsuit, then it failed within a reasonable time to (A) affirm or deny coverage of a claim to a policyholder; or (B) submit a reservation of rights to a policyholder in violation of Tex. Ins. Code §541.060(a)(4)(A)&(B). Philadelphia has failed to comply with subsection A or B.



21. Philadelphia has refused, failed, and unreasonably delayed making a settlement offer under its duty to defend coverage on the basis that other coverage may be available or that third parties are responsible for Plaintiffs damages in violation of Tex. Ins. Code §541.060(a)(5). Philadelphia has continuously and wrongfully failed to make a settlement offer on the basis that coverage is available to Plaintiffs under another insurance policy.

22. Philadelphia has refused to pay Plaintiffs claim for defense costs without conducting a reasonable investigation with respect to the claim in violation of Tex. Ins. Code §541.060(a)(7). The denial of coverage was not the result of a reasonable investigation. A reasonable investigation would have revealed to Philadelphia that Plaintiffs' claim was covered under the Philadelphia Policy.

**Violations of Chapter 542 of the Texas Insurance Code**

23. Plaintiffs adopt the preceding paragraphs as if fully set forth herein.

24. Philadelphia violated Chapter 542 of the Texas Insurance Code.

**§ 542.055. Receipt of Notice of Claim**

- Failing to—not later than the 15<sup>th</sup> day after the date Philadelphia received notice of a claim:
  - (1) acknowledge receipt of the claim;
  - (2) commence any investigation of the claim; and
  - (3) request from the insureds all items, statements, and forms that Philadelphia reasonably believed, at that time, would be required from the insureds.

**§ 542.056. Notice of Acceptance or Rejection of a Claim**

- Failing to notify the insureds in writing of the acceptance or rejection of a claim not later than the 15<sup>th</sup> business day after the date Philadelphia received all items, statements, and forms required by the insurer to secure final proof of loss;



**§ 542.058. Delay in Payment of a Claim**

- Failing to make payment of a claim for a period exceeding 60 days after the insurer received all items, statements, and forms reasonably requested and required under Section 542.055;

25. Philadelphia has not notified Plaintiffs of its acceptance or rejection of Plaintiffs demand for a defense for the second lawsuit. Likewise Philadelphia has failed to make defense payments in both lawsuits.

26. As a result of Philadelphia's failure to promptly pay the Claim, accept the Claim, reject the Claim, or timely request the items it knew or should have known it would need to adjust the Claim under Sections 542.055, 542.056, and 542.058, Philadelphia has also violated Section 542.060 of the Texas Insurance Code, for which Plaintiffs sue for damages consisting of eighteen percent (18%) per annum of the amount of the Claim for the applicable period. The remedies provided therein are in addition to any and all other remedies or procedures provided by any other law or common law.

**Common Law Bad Faith**

27. Plaintiffs adopt the preceding paragraphs as if fully set forth herein.

28. The Policy created a duty of good faith and fair dealing between Philadelphia and Plaintiffs. Because of the special relationship between Philadelphia and Plaintiffs, Philadelphia had an obligation to investigate Plaintiffs claims thoroughly and in good faith and not to deny the claim without a reasonable basis. For the reasons discussed above, Philadelphia breached its duty of good faith and fair dealing by wrongfully denying coverage to Plaintiffs when it knew or should have known that coverage for the loss was reasonably clear and by refusing to conduct a reasonable investigation of the claim.



**VI.  
RECOVERABLE DAMAGES, ATTORNEYS FEES, COSTS AND PRE- AND POST-  
JUDGMENT INTEREST**

29. Plaintiffs adopt the preceding paragraphs as if fully set forth herein.

30. Philadelphia's wrongful conduct has been the proximate and producing cause of damages to Plaintiffs of not less than \$1,000,000, which are recoverable as actual damages pursuant to Tex. Ins. Code §541.152(a)(1) and by common law. Philadelphia also acted fraudulently, maliciously, or with gross negligence, as those terms are defined under chapter 41 of the Civil Practice and Remedies Code, thus supporting an award of exemplary damages. Philadelphia's actions and conduct were also committed "knowingly" as defined in Tex. Ins. Code §541.002(1); i.e. meaning actual awareness of the unfairness of the falsity, unfairness or deceptiveness of its acts, which supports an award of additional damages up to three times the amount of the actual damages pursuant to Tex. Ins. Code §541.152(b). Pursuant to Tex. Ins. Code §542.060(a) an interest penalty at a rate of 18% per year of the wrongfully withheld benefits should be assessed against Philadelphia. Pursuant to Tex. Ins. Code §542.061, the remedies provided for violations of the Prompt Payment of Claims Subchapter, Tex. Ins. Code §542.051 *et. seq.*, are in addition to any other remedy or procedure provided by law or at common law.

31. Plaintiffs are entitled to recover their reasonable attorneys' fees as permitted by Tex. Ins. Code §541.152(a)(1) and Tex. Ins. Code §542.060(b). Plaintiffs have presented this claim to Philadelphia and Philadelphia has refused to honor this claim.

32. Plaintiffs are entitled to recover their costs and court costs pursuant to Tex. Ins. Code §541.152(a)(1) and Tex. Ins. Code §542.060(b) and by Texas law.

33. Plaintiffs are entitled to recover pre- and post-judgment interest at the highest allowable rate, as well as costs of court as allowed by Texas law.





34. Plaintiffs request such other compensation and relief as is just and which is permitted by law or equity.

**VII.  
DEMAND FOR JURY TRIAL**

35. Plaintiffs request a jury trial on all allegations and causes of action set forth herein as allowed by Texas law.

**VIII.  
CONDITIONS PRECEDENT**

36. All conditions precedent to Plaintiffs' claims for relief have been performed or have occurred.

**IX.  
REQUEST FOR DISCLOSURE**

37. Under Texas Rule of Civil Procedure 194, Plaintiffs request that Defendants disclose, within 50 days of the service of this request, the information or material described in Rule 194.2.

**X.  
PRAYER**

WHEREFORE, PREMISES CONSIDERED, Plaintiffs pray that Philadelphia be cited to answer and appear and that upon final hearing Plaintiffs be awarded a judgment over and against Philadelphia for actual, statutory, exemplary and/or additional damages, attorneys' fees, costs, costs of court, pre- and post-judgment interest at the appropriate allowable rates and for any and all other relief at law and in equity to which Plaintiffs may show to be justly entitled.



Respectfully Submitted,  
**THE ALLEN LAW GROUP**

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**ATTORNEYS FOR PLAINTIFFS**

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THE STATE OF TEXAS  
COUNTY OF KAUFMAN  
I, Rhonda H. Horney, District Clerk of Kaufman  
County, Texas do hereby certify that this is a true and  
correct copy filed in the records of the Kaufman  
County District Clerk's Office. Witness my  
hand and seal of said office on this 21<sup>st</sup>  
of March 2018  
RHONDA HORNEY, DISTRICT CLERK  
Kaufman County, Texas  
*Mina Olivares*

