

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF HAWAI'I

THEODORE HAUGLAND, individually and as parent and guardian of
AMORA HAUGLAND, a minor, and **KARINA HAUGLAND**, a minor,

Plaintiffs,

v.

JOHN DOE DRIVER 1;
JOHN DOE DRIVER 2;
JOHN DOE DRIVER 3;
NATIONAL INTERSTATE INSURANCE COMPANY;
DOES 1–50, inclusive,

Defendants.

CIVIL NO.: CV26 00151 HG KJM

COMPLAINT FOR NEGLIGENCE, PUNITIVE DAMAGES, DECLATORY

RELIEF, INSURANCE BAD FAITH - DEMAND FOR JURY TRIAL.

I. JURISDICTION AND VENUE

1. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1332.
 2. Plaintiff THEODORE HAUGLAND is a citizen and resident of the State of Hawai'i.
 3. Defendant NATIONAL INTERSTATE INSURANCE COMPANY is, upon information and belief, a corporation organized under the laws of a state other than Hawai'i with its principal place of business outside Hawai'i.
 4. The citizenship of Defendants JOHN DOE DRIVER 1–3 is currently unknown. Plaintiffs will amend this Complaint when their identities are ascertained.
 5. The amount in controversy exceeds \$75,000, exclusive of interest and costs.
 6. This Court has supplemental jurisdiction pursuant to 28 U.S.C. § 1367.
 7. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) because the events giving rise to this action occurred in Honolulu, Hawai'i.
-

II. INTRODUCTION

8. This action arises from a violent and preventable multi-vehicle rear-end collision that occurred on December 14, 2025, in Honolulu, Hawai'i.
9. Plaintiffs were lawfully operating their vehicle when they were struck from behind by multiple negligent drivers.

10. The collision was caused by Defendants' failure to maintain safe following distance, control, and speed.
 11. As a direct and proximate result, Plaintiffs suffered severe and permanent injuries.
 12. Minor Plaintiff Amora Haugland sustained a traumatic brain injury resulting in permanent post-traumatic epilepsy.
 13. This case involves not only negligence, but also the failure of an insurer to act in good faith when faced with clear liability and catastrophic injury.
-

III. PLEADING STANDARDS (FEDERAL)

Twombly / Iqbal Compliance

14. Plaintiffs bring this action in compliance with the pleading standards set forth under the Federal Rules of Civil Procedure and controlling United States Supreme Court precedent.
15. Under Rule 8(a)(2), a complaint must contain "a short and plain statement of the claim showing that the pleader is entitled to relief."
16. The United States Supreme Court has clarified that a complaint must contain sufficient factual matter, accepted as true, to "state a claim to relief that is plausible on its face." *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007).
17. A claim is facially plausible when the factual content allows the Court to draw the reasonable inference that the defendant is liable for the misconduct alleged. *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009).

18. Plaintiffs' allegations are not mere legal conclusions or formulaic recitations of elements; rather, they are supported by detailed factual assertions, including:

- The specific nature of the collision
- The mechanism of injury
- Objective medical findings (EEG and MRI evidence)
- The diagnosis of traumatic brain injury and epilepsy
- The insurer's knowledge of liability and damages
- The insurer's failure to investigate, evaluate, and settle

19. These factual allegations raise Plaintiffs' right to relief above the speculative level and demonstrate a plausible entitlement to relief under governing law. *Twombly*, 550 U.S. at 555.

20. Plaintiffs further allege facts showing that Defendant NATIONAL INTERSTATE INSURANCE COMPANY engaged in unreasonable claims handling, including failure to investigate, delay, and failure to settle within policy limits, which courts have recognized as sufficient to support a claim for bad faith.

21. When taken as true, the factual allegations in this Complaint permit the reasonable inference that Defendants are liable for negligence, statutory violations, and insurance bad faith. *Iqbal*, 556 U.S. at 678.

22. Accordingly, Plaintiffs have satisfied all federal pleading requirements, and dismissal under Rule 12(b)(6) would be improper.

IV. RULE 9(b)-STYLE SPECIFICITY (BAD FAITH CONDUCT)

19. To the extent Defendants contend Plaintiffs' bad faith allegations sound in fraud, Plaintiffs plead such conduct with particularity.

20. The Insurer's wrongful conduct includes specific acts, omissions, timing, and knowledge, including:

- Failure to investigate after receiving medical evidence of traumatic brain injury
- Failure to respond to time-limited policy limits demand
- Failure to evaluate claim despite EEG and MRI evidence
- Failure to tender policy limits despite clear liability

21. These acts occurred during the claim handling period following the December 14, 2025 collision.

22. The responsible parties include claims adjusters, supervisors, and decision-makers employed by NATIONAL INTERSTATE INSURANCE COMPANY.

23. The Insurer knew of the catastrophic nature of the injury yet failed to act reasonably.

24. Plaintiffs have therefore alleged the "who, what, when, where, and how" sufficient to satisfy Rule 9(b).

V. PARTIES

25. Plaintiff THEODORE HAUGLAND resides in Aiea, Hawai'i.

26. Plaintiff AMORA HAUGLAND is a minor appearing through her parent.

27. Plaintiff KARINA HAUGLAND is a minor appearing through her parent.

28. Defendants JOHN DOE DRIVER 1–3 negligently operated motor vehicles.

29. Defendant NATIONAL INTERSTATE INSURANCE COMPANY issued insurance policies covering said drivers.

VI. FACTUAL ALLEGATIONS

A. The Collision

30. Plaintiffs were lawfully stopped or slowing in traffic.

31. Defendants caused a rear-end chain-reaction collision.

32. Defendants failed to:

- Maintain safe following distance
 - Maintain control
 - Operate at safe speed
-

B. Catastrophic Injury

33. Amora sustained traumatic brain injury.

34. She developed post-traumatic epilepsy.

35. Symptoms include:

- Seizures
 - Altered consciousness
 - Neurological dysfunction
-

C. Objective Evidence

36. EEG confirmed epileptiform activity.

37. MRI confirmed brain injury.

D. Lifelong Impact

- 38. Amora requires lifelong care.
 - 39. She faces risk of SUDEP.
 - 40. Her life is permanently altered.
-

E. Family Impact

- 41. Theodore suffered financial and emotional harm.
 - 42. Karina suffered emotional trauma and distress.
-

VII. CAUSES OF ACTION

COUNT I – NEGLIGENCE

- 43. Defendants owed a duty of care.
 - 44. Defendants breached that duty.
 - 45. The breach caused Plaintiffs' injuries.
-

COUNT II – NEGLIGENCE PER SE

- 46. Defendants violated safety statutes.
- 47. Plaintiffs were protected by those statutes.
- 48. Violations caused harm.

COUNT III – DECLARATORY RELIEF

49. A dispute exists regarding insurance coverage and policy limits.

50. Plaintiffs seek declaration of rights.

COUNT IV – INSURANCE BAD FAITH

(NATIONAL INTERSTATE INSURANCE COMPANY)

A. Duty of Good Faith

30. Plaintiffs reallege and incorporate all prior paragraphs.

31. Defendant NATIONAL INTERSTATE INSURANCE COMPANY (“Insurer”) owed its insureds duties of good faith and fair dealing, including:

- The duty to conduct a reasonable investigation
- The duty to fairly and promptly evaluate claims
- The duty to give equal consideration to the interests of its insureds
- The duty to attempt settlement within policy limits when liability is reasonably clear

32. Under Hawai’i law, “there is a legal duty, implied in a first- and third-party insurance contract, that the insurer must act in good faith in dealing with its insured.” *Best Place, Inc. v. Penn Am. Ins. Co.*, 82 Hawai’i 120, 131, 920 P.2d 334 (1996).

B. Standard for Bad Faith

33. An insurer acts in bad faith when it unreasonably handles or denies claims, including failure to properly investigate, evaluate, or settle claims where liability is reasonably clear.
 34. The Hawai'i Supreme Court has held that an insurer may be liable for bad faith when it "unreasonably handles or denies payment of claims." *Best Place*, 82 Hawai'i at 132.
 35. Bad faith does not require proof of malicious intent; rather, it arises from **unreasonable conduct**. *Id.*
-

C. Clear Liability and Catastrophic Exposure

36. At all relevant times, liability was reasonably clear based on:
 - A rear-end multi-vehicle collision
 - Failure of insured drivers to maintain safe following distance
 - Failure to control speed and avoid impact
 37. Hawai'i courts recognize that insurers must act when liability is reasonably clear and damages are substantial.
 38. The Insurer knew or should have known that:
 - Liability exposure was substantial and likely indefensible
 - The collision involved minor children
 - The mechanism of injury supported severe trauma
-

D. Duty to Settle Within Policy Limits

39. Under Hawai'i law, an insurer has a duty to settle claims within policy limits when there is a substantial likelihood of recovery in excess of those limits. See *Delmonte v. State Farm Fire & Cas. Co.*, 90 Hawai'i 39, 975 P.2d 1159 (1999).
40. The Insurer had a duty to protect its insureds from excess judgments by reasonably attempting settlement within policy limits.

41. The Insurer breached this duty by failing to tender policy limits despite:

- Clear liability
 - Catastrophic injuries
 - Exposure far exceeding policy limits
-

E. Early Knowledge of Catastrophic Injury

42. The Insurer received or had access to medical evidence demonstrating:

- Traumatic brain injury
- EEG-confirmed epileptiform abnormalities
- MRI-confirmed structural brain damage
- Diagnosis of post-traumatic epilepsy

43. The Insurer knew or should have known that:

- Epilepsy is permanent
 - The injury required lifelong care
 - Damages would exceed policy limits
-

F. Failure to Conduct Reasonable Investigation

44. An insurer must conduct a prompt and adequate investigation before refusing or delaying payment. See *Enoka v. AIG Hawai'i Ins. Co.*, 109 Hawai'i 537, 128 P.3d 850 (2006).

45. The Insurer failed to:

- Promptly investigate the severity of injury
- Adequately evaluate medical evidence
- Obtain appropriate expert analysis

46. This failure constitutes unreasonable claims handling under Hawai'i law.

G. Unreasonable Delay and Claims Handling

47. The Insurer engaged in unreasonable delay, including:

- Failing to respond to time-limited demands
- Failing to communicate settlement decisions
- Prolonging evaluation without justification

48. Hawai'i courts recognize that unreasonable delay in claims handling may constitute bad faith.

Enoka, 109 Hawai'i at 559.

H. Failure to Give Equal Consideration

49. An insurer must give equal consideration to the interests of its insured.

50. The Insurer breached this duty by:

- Prioritizing its own financial interests
- Refusing to tender policy limits
- Exposing insureds to excess liability

51. Such conduct violates the duty recognized in *Best Place* and related Hawai'i precedent.

I. Knowledge of Excess Exposure

52. The Insurer knew or should have known that:

- The claim value far exceeded policy limits
 - A jury could return a verdict in excess of tens of millions of dollars
 - Failure to settle would expose insureds to personal liability
-

J. Reckless Disregard

53. The Insurer's conduct constituted:

- Reckless disregard of known risks
- Conscious indifference to the rights of Plaintiffs and insureds

54. Such conduct supports punitive damages under Hawai'i law.

K. Resulting Harm

55. As a direct and proximate result of the Insurer's bad faith conduct, Plaintiffs suffered:

- Delay in obtaining necessary medical care resources
- Financial hardship
- Emotional distress

56. The insured defendants were exposed to excess judgment liability.

L. Damages

57. Plaintiffs seek all damages available under Hawai'i law, including:

- Compensatory damages
- Consequential damages
- Emotional distress damages
- Attorneys' fees where permitted
- Punitive damages

59.

COUNT V – PUNITIVE DAMAGES

64. Defendants acted with reckless disregard.

65. Insurer acted intentionally and in bad faith.

66. Punitive damages are warranted.

VIII. DAMAGES

67. Plaintiffs suffered damages including:

Amora

- Medical care
- Pain and suffering
- Loss of life enjoyment

Theodore

- Lost wages
- Emotional distress

Karina

- PTSD
 - Emotional harm
-

IX. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs request:

- A. Compensatory damages
 - B. Punitive damages
 - C. Declaratory relief
 - D. Bad faith damages
 - E. Costs and interest
 - F. Any other relief deemed just
-

X. DEMAND FOR JURY TRIAL

Plaintiffs demand a jury trial.

Respectfully Submitted,

March 27, 2026

Date

/s/ Theodore Haugland

THEODORE HAUGLAND

Plaintiff, *Pro Se*

99-009 Kalaloa St

Unit D2016

Aiea, HI 96701

United States

(202)933-3332

theodorehaugland@outlook.com