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By Carl Diorio

**Lion Lines Up for Lawsuit Payout MGM eyes \$7 mil in damages, plus punitive
MGM could be in line for a significant windfall after swapping litigation with a unit of insurance giant AIG that unsuccessfully sought to drop coverage of the studio due to a 3-year-old court fight over James Bond movie rights.**

In a suit filed in Los Angeles Superior Court, American Intl. Specialty Lines Insurance claimed the Lion should have disclosed the potential for the nasty rights squabble with writer Kevin McClory and asked for court permission to rescind a \$50 million "errors-and-omissions" policy effective to its inception date of June 1997.

MGM -- which ultimately prevailed in the 007 rights dispute -- said it was under no such obligation and countersued for \$7 million in defense costs plus punitive damages.

Earlier this year, the court rejected the insurer's attempt to rescind its coverage, and a trial is skedded to start later this month on MGM's attempt to collect "bad faith" damages from its insurer. But Judge Peter Lichtman has ordered the parties first to meet on Sept. 13 in an attempt to reach a settlement and avoid further court proceedings.

Substantial damages

"Based on its previous rulings, there's a good chance the court could award substantial punitive damages," said MGM co-counsel William Shernoff of Claremont-based Shernoff Bidart & Darras.

Shernoff, who specializes in bad-faith cases involving insurance claims, declined to estimate potential punitive damages. But it's believed damages could run from several millions of dollars to well more than \$100 million, depending on whether MGM is allowed to seek damages from AIG or merely its much smaller American International unit.

American Intl. is repped by Lewis, Brisbois, Bisgaard & Smith of Los Angeles. Law firm partner Robert Lewis declined comment on the case.

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