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News

DALLAS COURT OF APPEALS FINDS STATUTE OF LIMITATIONS ON INSURANCE CLAIMS BEGINS WHEN A CLAIM IS CLOSED

Newsbrief

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Last Thursday, the Dallas Court of Appeals upheld a summary judgment granted in favor of an insurer for a suit filed after the applicable statute of limitations. In *Jackson v. Gainsco Inc./Gainsco Auto Insurance*, et al, No. 05-16-01190-CV, 2018 WL 2979960 (Tex. App.—Dallas June 14, 2018) (slip op.), Alberta Jackson filed a lawsuit against Gainsco for uninsured motorist coverage related to a “hit and run” accident.

On January 27, 2013, Jackson was involved in a motor vehicle collision. She contended that this was a “hit and run” accident with an uninsured motorist. Jackson’s vehicle was covered by an Auto Policy issued by Gainsco. Her policy included collision coverage, rental car reimbursement, and comprehensive uninsured/underinsured motorist coverage. Jackson reported the collision and vehicle damages to Gainsco. Gainsco completed its claim investigation and closed its investigation file on May 20, 2013. Jackson’s vehicle was in the body shop for approximately six weeks and Jackson alleged that Gainsco did not pay the body shop the full amount of the repairs. On March 25, 2013, Jackson sued Gainsco in the 191st District Court of Dallas County, Texas. Jackson sought declaratory relief regarding her uninsured motorist coverage and also alleged that Gainsco breached its duty of good faith and fair dealing by refusing to timely pay her claim for vehicle repairs and rental car expenses. After Gainsco moved for summary judgment, Jackson voluntarily dismissed the first lawsuit. On May 22, 2015, Jackson again sued Gainsco, this time in the County Court at Law No. 4 of Dallas County, Texas. In this second lawsuit, Jackson claimed breach of the duty of good faith and fair dealing under the Insurance Code and Deceptive Trade Practices Act (DTPA). Gainsco filed a motion for summary judgment on the grounds that Jackson’s claims were barred by the two-year statute of limitations. The trial court granted summary judgment and an appeal followed.

The appellate court found that under Texas law, claims against insurers asserting a cause of action for breach of the duty of good faith and fair dealing accrue upon (1) the written denial of the claim or (2) some other indication of the insurer’s position that it was not going to provide the requested coverage. In this case, the court found that Gainsco closing its file provided an “objectively verifiable event that unambiguously demonstrated intent not to pay the claim and triggered the limitations period.” Thus, the statute of limitations period began when the claim file was closed. Summary judgment was proper as the second lawsuit was filed more than two years after the causes of action accrued.