THOUGHT LEADERSHIP

News

MAN SUES HIS OWN CGL INSURER FOR HIS OWN INJURIES; DISTRICT COURT HITS BACK

Newsbrief
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In a scenario that only a lawyer could invent, a law office owner recently tried to recover benefits from his own businessowners policy for his own injuries after he fell 30 feet off a ramp at his law office and incurred over $100,000 in medical expenses. In *Pease v. State Farm Lloyds*, EP-19-CV-00296-DCG, 2020 WL 905541 (W.D. Tex. Feb. 25, 2020) (slip op.), Pease argued he, the insured, had become legally obligated to pay his medical providers for his treatment, and therefore those sums were payable under the policy. State Farm responded that he did not owe the medical providers damages because he had incurred them, but owed them fees for services because he had become voluntarily indebted to them for their services.

The court relied on a well-developed body of Texas case law to conclude the phrase in the standard CGL insuring agreement, "…sums that the insured becomes legally obligated to pay as damages…" contemplates ***tort*** liability and not ***contractual*** liability. The court also rejected Pease's alternative argument that his financial obligations to the medical providers were really tort obligations because they were imposed by law regardless of whether an actual contract existed. The court reasoned that a contract implied by law still sounds in contract, not tort.

Editor's Note: Although the court did not reach it and decided the case on the phrase, "legally obligated to pay as damages," State Farm probably could have also prevailed by focusing on the "bodily injury" angle and pointing out that even if the medical providers sued Pease to recover their bills, they had not suffered either bodily injury or property damage and their claims, even if they are claims for "damages," were not claims for bodily injury and thus would be outside the insuring agreement.