UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS, HOUSTON DIVISION

Metropolitan Life Ins. Co. v. Barretto

178 F. Supp. 2d 745 (S.D. Tex. 2001) · No. No. H-99-0083 · Decided November 20, 2001

SUMMARY

The court granted Metropolitan Life Insurance Company's motion for summary judgment in a rule interpleader action involving competing claims to life insurance proceeds. It held that Maria Barretto's partial release barred most of her counterclaims, that her claims under the Texas Insurance Code and DTPA failed for lack of standing, and that MetLife properly brought the interpleader action. The court also found no unreasonable delay by MetLife and ordered it to submit a motion for attorney's fees and costs.

CASE DETAILS

COURT	United States District Court for the Southern District of Texas, Houston Division
WRITING FOR THE COURT	Harmon, District Judge
JURISDICTION	Texas
DECIDED	November 20, 2001
DOCKET	No. H-99-0083
DISPOSITION	other
PROCEDURAL POSTURE	Metropolitan Life Insurance Company filed a rule interpleader action concerning competing claims to life-insurance proceeds and moved for summary judgment on Maria Barretto's counterclaims. The district court granted the motion and deferred determination of the amount of attorney's fees and costs.
STANDARD OF REVIEW	Summary judgment is appropriate when the record shows no genuine dispute of material fact and the moving party is entitled to judgment as a matter of law. The nonmoving party must present affirmative evidence supporting its claims rather than rely on conclusory allegations.
PRECEDENTIAL VALUE	Published federal district court memorandum and order; persuasive authority within the Southern District of Texas and the Fifth Circuit, subject to controlling Fifth Circuit and Supreme Court precedent.

PARTIES	Metropolitan Life Insurance Company v. Maria P. Barretto, Vanessa P. Barretto, a Minor

TOPICS

interpleader · summary judgment · life insurance litigation · consumer protection · attorney fees

PRACTICE AREAS

civil procedure · insurance law · interpleader · consumer protection · remedies

QUESTIONS PRESENTED

1. Whether Maria Barretto's partial release barred her counterclaims against MetLife other than claims based on allegedly untimely payment.
2. Whether MetLife properly invoked interpleader when competing claimants had not formally settled their respective claims to a single insurance fund.
3. Whether MetLife was shielded from Barretto's counterclaims based on its proper use of interpleader.
4. Whether Barretto had standing to assert claims under Article 21.21 of the Texas Insurance Code and the Texas Deceptive Trade Practices—Consumer Protection Act.
5. Whether MetLife owed a duty to advise the decedent or Barretto about the estate-tax consequences of the life-insurance policy.
6. Whether MetLife was entitled to attorney's fees and costs as a disinterested stakeholder in a successful interpleader action.

HOLDINGS

1. The partial release barred Maria Barretto's claims against MetLife other than claims concerning the allegedly untimely payment of the insurance proceeds.
2. MetLife properly brought the interpleader action because a single fund was at issue and adverse claimants had not formally resolved their competing claims when the action was filed.
3. Because MetLife properly invoked interpleader and acted as a disinterested stakeholder, Barretto's counterclaims arising from the interpleaded proceeds, including the late-payment claims, were subject to dismissal.
4. Barretto failed to establish that MetLife's conduct constituted an unreasonable or inexcusable delay warranting relief for late payment.
5. Barretto lacked standing to assert the pleaded Article 21.21 claims and was not a consumer entitled to pursue the pleaded DTPA claims.
6. MetLife owed no duty to advise the decedent or Maria Barretto about the estate-tax consequences of the life-insurance policy, so Barretto's negligence-based allegations failed.

7. A district court may award reasonable attorney's fees and costs to a disinterested stakeholder that successfully brings an interpleader action when doing so is fair and equitable.

KEY QUOTATIONS

> *“"Were the defendants in an interpleader action permitted to carry forward with counterclaims against the stakeholder based upon the same interpleaded funds, the very purpose of the interpleader action would be utterly defeated."”* (747)

> *“A district court has the authority and the discretion to award attorney's fees in successful interpleader suits to a disinterested stakeholder whenever it is fair and equitable to do so.”* (751)

FACTUAL BACKGROUND

Alvaro Martin Barretto died on December 18, 1997, leaving $1,000,000 in life-insurance proceeds claimed by his mother, Maria Barretto, and his minor daughter, Vanessa Barretto. MetLife filed an interpleader action after receiving competing claims and after the claimants had not formally completed a settlement requiring court protection for the minor. The claimants later settled their rights to the proceeds; some funds were placed in trust for Vanessa, some were used for estate and inheritance taxes, and the remainder was distributed to Maria. Maria then pursued counterclaims alleging, among other things, that the policy and delayed payment caused tax-related losses, despite having signed a partial release of claims except those concerning the timeliness of payment.

PROCEDURAL HISTORY

After the death of Alvaro Martin Barretto, his mother and minor daughter asserted competing claims to $1,000,000 in life-insurance proceeds. MetLife filed the interpleader action on January 11, 1999, after the claimants had not formally completed an agreement resolving their dispute; the claimants later settled, and MetLife distributed the proceeds under that agreement. Vanessa Barretto was dismissed by agreement on August 24, 2000. The court granted MetLife's summary-judgment motion against Maria Barretto's counterclaims and ordered MetLife to submit a fee application before final judgment.

DISPOSITION

other

CASES CITED

- Connecticut General Life Insurance Co. v. Thomas, 910 F. Supp. 297 (S.D. Tex. 1995)
- Equitable Life Assurance Society v. Jones, 679 F.2d 356, 358 (4th Cir. 1982)
- Commerce Funding Corp. v. Southern Financial Bank, 80 F. Supp. 2d 582, 585 (E.D. Va. 1999)
- Cable Communications Network, Inc. v. Aetna Casualty & Surety Co., 838 S.W.2d 947, 951 (Tex. App.—Houston [14th Dist.] 1992)
- Daniels v. Equitable Life Assurance Soc. of the U.S., 35 F.3d 210, 214-15 (5th Cir. 1994)
- Rhoades v. Casey, 196 F.3d 592, 600, 603 (5th Cir. 1999), cert. denied, 531 U.S. 924, 121 S. Ct. 298, 148 L. Ed. 2d 240 (2000)

- Matter of Bohart, 743 F.2d 313, 325 (5th Cir. 1984)
- Armco Inc. v. Armco Burglar Alarm Co. Inc., 693 F.2d 1155, 1161 (5th Cir. 1982)
- Corrigan Dispatch Co. v. Casa Guzman, S.A., 696 F.2d 359, 364 (5th Cir. 1983)
- Murphy v. Travelers Ins. Co., 534 F.2d 1155, 1164 (5th Cir. 1976)
- James Talcott, Inc. v. Allahabad Bank, Ltd., 444 F.2d 451, 468 (5th Cir. 1971)
- Allstate Ins. Co. v. Watson, 876 S.W.2d 145, 149-50 (Tex. 1994)
- Tamez v. Certain Underwriters at Lloyds, London International Acc. Facilities, Inc., 999 S.W.2d 12, 21-22 (Tex. App.—Houston [14th Dist.] 1998)
- Crown Life Ins. Co. v. Casteel, 22 S.W.3d 378, 387 (Tex. 2000)
- Blanchard v. Peoples Bank, 844 F.2d 264 (5th Cir. 1988)
- First National Bank of Kerrville v. Hackworth, 673 S.W.2d 218, 221 (Tex. App.—San Antonio 1984)
- Thomes v. Porter, 761 S.W.2d 592, 594 (Tex. App.—Fort Worth 1988)
- March v. Thiery, 729 S.W.2d 889, 896 (Tex. App.—Corpus Christi 1987)
- Mahan Volkswagen, Inc. v. Hall, 648 S.W.2d 324, 332-33 (Tex. App.—Houston [1st Dist.] 1982)
- Shell Oil Co. v. Chapman, 682 S.W.2d 257, 259 (Tex. 1984)
- Travelers Ins. Co. v. First Nat'l Bank of Shreveport, 675 F.2d 633, 637 n. 9 (5th Cir. 1982)