UNITED STATES DISTRICT COURT FOR THE DISTRICT OF SOUTH CAROLINA

State Farm Mutual Automobile Insurance Company v. Michael Sharpstein

State Farm v. Sharpstein · No. 2:24-cv-06883-RMG-MHC · Decided February 23, 2026

SUMMARY

This Report and Recommendation addresses Defendant Michael Sharpstein’s motion to dismiss a declaratory judgment action brought by State Farm Mutual Automobile Insurance Company concerning the availability of underinsured motorist coverage. The magistrate judge recommends denying the motion because the complaint plausibly states a claim and Sharpstein’s factual challenges are premature for summary judgment before discovery concludes.

CASE DETAILS

COURT	United States District Court for the District of South Carolina
JURISDICTION	United States District Court for the District of South Carolina
DECIDED	February 23, 2026
DOCKET	2:24-cv-06883-RMG-MHC
DISPOSITION	other
PROCEDURAL POSTURE	Defendant moved to dismiss the plaintiff's declaratory judgment complaint under Federal Rule of Civil Procedure 12(b)(6), or alternatively sought relief resembling summary judgment. The magistrate judge issued a Report and Recommendation recommending denial of the motion.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court tests the sufficiency of the complaint, accepts well-pleaded factual allegations as true, draws reasonable inferences in favor of the nonmoving party, and determines whether the complaint states a plausible claim. Pro se pleadings are liberally construed. Summary judgment generally should not be decided before the nonmoving party has had adequate time for discovery.
PRECEDENTIAL VALUE	Unknown; Report and Recommendation

PARTIES Michael Sharpstein v. State Farm Mutual Automobile Insurance Company

TOPICS

declaratory relief insurance · motions to dismiss · summary judgment · insurance · civil procedure

PRACTICE AREAS

insurance · civil procedure · declaratory judgment

QUESTIONS PRESENTED

1. Whether Sharpstein's pro se motion, construed under Federal Rule of Civil Procedure 12(b)(6), established that State Farm's declaratory judgment complaint was frivolous or failed to state a plausible claim.
2. Whether Sharpstein's factual assertions concerning alteration of insurance documents could support summary judgment before the close of discovery.

HOLDINGS

1. The complaint alleged sufficient facts to state a plausible declaratory judgment claim concerning the availability of underinsured motorist coverage; therefore, dismissal under Rule 12(b)(6) was not warranted.
2. Any request for summary judgment was premature because the discovery period remained open and the parties had not had adequate time to obtain information essential to the motion.

KEY QUOTATIONS

> *"The purpose of a Rule 12(b)(6) motion is to test the sufficiency of a complaint."*

> *"A motion to dismiss under Rule 12(b)(6) tests the sufficiency of a complaint; importantly, it does not resolve contests surrounding the facts, the merits of a claim, or the applicability of defenses."*

> *"Generally speaking, summary judgment must be refused where the nonmoving party has not had the opportunity to discover information that is essential to his opposition."*

> *"As a general rule, summary judgment is appropriate only after 'adequate time for discovery.'"*

FACTUAL BACKGROUND

Sharpstein signed selection-rejection forms in February 2020 for two State Farm automobile insurance policies. He was involved in a November 2022 automobile accident and claimed injuries and damages exceeding the available liability coverage, leading him to seek underinsured motorist coverage. State Farm alleged that Sharpstein had declined UIM coverage after a meaningful offer and sought a declaration that no UIM coverage was available. Sharpstein contended that documents he received and signed had been altered without his knowledge or consent.

PROCEDURAL HISTORY

State Farm filed a declaratory judgment action on November 25, 2024, concerning the availability of underinsured motorist coverage. Sharpstein's former counsel filed an answer, later withdrew, and Sharpstein proceeded pro se. Sharpstein moved to dismiss as frivolous during the discovery period. The magistrate judge construed the filing as a Rule 12(b)(6) motion, rejected dismissal, and concluded that any summary-judgment request was premature because discovery had not concluded.

DISPOSITION

other

CASES CITED

- E.I. du Pont de Nemours & Co. v. Kolon Indus., Inc., 637 F.3d 435, 440, 448 (4th Cir. 2011)
- Williams v. Preiss-Wal Pat III, LLC, 17 F. Supp. 3d 528, 531 (D.S.C. 2014)
- Republican Party of N.C. v. Martin, 980 F.2d 943, 952 (4th Cir. 1992)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555, 570 (2007)
- Robinson v. Am. Honda Motor Co., 551 F.3d 218, 222 (4th Cir. 2009)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Goldfarb v. Mayor & City Council of Balt., 791 F.3d 500, 511 (4th Cir. 2015)
- Erickson v. Pardus, 551 U.S. 89, 94 (2007)
- Beaudett v. City of Hampton, 775 F.2d 1274, 1278 (4th Cir. 1985)
- Harrods Ltd. v. Sixty Internet Domain Names, 302 F.3d 214, 244 (4th Cir. 2002)
- Evans v. Techs. Applications & Serv. Co., 80 F.3d 954, 961 (4th Cir. 1996)
- Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986)
- Cohen vy. Schroeder, No. 15-CV-6881, 2016 WL 1070851, at *5 (S.D.N.Y. Mar. 16, 2016)
- Diamond v. Colonial Life & Accident Insurance Co., 416 F.3d 310 (4th Cir. 2005)
- Thomas v. Arn, 474 U.S. 140 (1985)
- Wright v. Collins, 766 F.2d 841 (4th Cir. 1985)
- United States v. Schronce, 727 F.2d 91 (4th Cir. 1984)