SUPREME COURT OF OKLAHOMA

Hamilton v. Northfield Insurance Co.

2020 OK 28 · No. 117707 · Decided May 5, 2020

SUMMARY

The Supreme Court of Oklahoma answered two certified questions concerning prevailing-party attorney fees under 36 O.S. § 3629(B). It held that only timely settlement offers concerning the underlying insurance claim, made within the statutory sixty-day period, may be considered; later offers to settle the ensuing litigation cannot determine prevailing-party status under the statute. The court concluded that Billy Hamilton was the prevailing party after obtaining a judgment following Northfield Insurance Company's rejection of his claim.

CASE DETAILS

COURT	Supreme Court of Oklahoma
WRITING FOR THE COURT	Gurich, C.J.; Darby, V.C.J.; Kauger, J.; Edmondson, J.; Colbert, J.; Combs, J.; Winchester, J.; Kane, J.; Rowe, J.
JURISDICTION	Oklahoma
DECIDED	May 5, 2020
DOCKET	117707
DISPOSITION	approved
PROCEDURAL POSTURE	The United States Court of Appeals for the Tenth Circuit certified two questions of Oklahoma law concerning the meaning of 36 O.S. § 3629(B) and the effect of settlement offers on prevailing-party status for attorney-fee purposes.
STANDARD OF REVIEW	De novo interpretation of a statute in response to certified questions; the Oklahoma Supreme Court confined its review to the legal issues presented by the certification order.
PRECEDENTIAL VALUE	Oklahoma Supreme Court opinion answering certified questions; the opinion states that the conflicting non-precedential Oklahoma Court of Civil Appeals opinion in Shadoan is overruled.
PARTIES	Billy Hamilton v. Northfield Insurance Company

TOPICS

insurance statutory interpretation remedies appellate procedure declaratory relief insurance

PRACTICE AREAS

insurance law appellate procedure statutory interpretation attorney fees

QUESTIONS PRESENTED

1. Whether, in determining the prevailing party under 36 O.S. § 3629(B), a court may consider an insurer's settlement offers made outside the statute's sixty-day period for offers concerning the insured's claim.
2. Whether, in determining the prevailing party under 36 O.S. § 3629(B), a court should add litigation costs and attorney fees incurred before a later litigation settlement offer to the verdict for comparison with that offer.

HOLDINGS

1. For purposes of determining prevailing-party status and awarding attorney fees under 36 O.S. § 3629(B), courts may consider only timely offers made by the insurer to settle the underlying insurance claim within the statutory sixty-day window; offers to settle the ensuing lawsuit made after that period may not be considered.
2. No. Because a settlement offer made during litigation after the statutory sixty-day period is not a settlement offer contemplated by section 3629(B), it cannot be used in determining prevailing-party status, and the court need not compare it with a verdict augmented by litigation costs and attorney fees.
3. Hamilton was the prevailing party entitled to attorney fees because he obtained a judgment in his favor after Northfield rejected his insurance claim, and Northfield's later $45,000 offer to resolve the lawsuit was not a statutory settlement offer under section 3629(B).

KEY QUOTATIONS

> *"We hold that courts may consider only those offers of settlement of the underlying insurance claim--and not offers to resolve an ensuing lawsuit that might result from the insurer's denial of the same--made within the (now) sixty-day statutory window when determining the prevailing party for purposes of awarding attorney fees under 36 O.S. § 3629(B)."* (¶ 16)

> *"The sixty-day limit prescribed by section 3629(B) is not a suggestion, and it is not an invitation for an opening offer: it is a legislative directive to insurance companies that ensures the prompt and timely handling of claims."* (¶ 19)

> *"A subsequent litigation-settlement offer--as distinct from a claim-settlement offer--falls outside section 3629(B)'s statutory window and is plainly not within the statute's reach."* (¶ 22)

FACTUAL BACKGROUND

Billy Hamilton submitted a December 2015 insurance claim to Northfield for coverage of a leaking roof on his building. Northfield denied the claim in February and April 2016, after which Hamilton filed suit alleging bad-faith denial and breach of contract. During the litigation, Northfield offered $45,000 to settle the lawsuit, including an amount for litigation expenses and some attorney fees; Hamilton rejected the offer, proceeded to trial, and obtained a $10,652 jury verdict.

PROCEDURAL HISTORY

Hamilton sued Northfield in Oklahoma state court for bad-faith denial of insurance benefits and breach of contract after Northfield denied his claim for roof damage. Northfield removed the case to the United States District Court for the Eastern District of Oklahoma, where a jury awarded Hamilton $10,652 and the district court ruled that he was not the prevailing party under section 3629(B) because he recovered less than Northfield's later litigation settlement offer. The Tenth Circuit initially affirmed, then granted panel rehearing sua sponte, vacated its opinion on the relevant issues, and certified two questions to the Oklahoma Supreme Court.

DISPOSITION

approved

REMAND INSTRUCTIONS

The certified questions were answered in the negative. The Tenth Circuit was to apply the answers in resolving Hamilton's appeal; no direct remand to a state lower court was ordered.

CASES CITED

- Government Employees Insurance Co. v. Quine, 2011 OK 88, 264 P.3d 1245
- Siloam Springs Hotel, LLC v. Century Surety Co., 2017 OK 14, 392 P.3d 262
- Barrios v. Haskell County Public Facilities Authority, 2018 OK 90, 432 P.3d 233
- Raymond v. Taylor, 2017 OK 80, 412 P.3d 1141
- Darnell v. Chrysler Corp., 1984 OK 57, 687 P.2d 132
- Estes v. ConocoPhillips Co., 2008 OK 21, 184 P.3d 518
- Matthews v. Rucker, 1918 OK 29, 170 P. 492
- Ledbetter v. Oklahoma Alcoholic Beverage Laws Enforcement Commission, 1988 OK 117, 764 P.2d 172
- In re Protest of Hare, 2017 OK 60, 398 P.3d 317
- Shinault v. Mid-Century Insurance Co., 1982 OK 136, 654 P.2d 618
- Barnes v. Oklahoma Farm Bureau Mutual Insurance Co., 2004 OK 25, 94 P.3d 25
- Lewis v. Farmers Insurance Co., 1983 OK 100, 681 P.2d 67
- Christian v. American Home Assurance Co., 1977 OK 141, 577 P.2d 899
- Smith v. Equitable Life Assurance Society, 614 F.2d 720 (10th Cir. 1980)
- Buzzard v. Farmers Insurance Co., 1991 OK 127, 824 P.2d 1105
- Shadoan v. Liberty Mutual Fire Insurance Co., 1994 OK CIV APP 182, 894 P.2d 1140
- Johnson v. Omega Insurance Co., 200 So. 3d 1207 (Fla. 2016)
- Sloan v. Employers Casualty Insurance Co., 521 P.2d 249 (Kan. 1973)
- TRW/Reda Pump v. Brewington, 1992 OK 31, 829 P.2d 15

- AMF Tubescope Co. v. Hatchel, 1976 OK 14, 547 P.2d 374
- Dulan v. Johnston, 1984 OK 44, 687 P.2d 1045
