

COURT OF APPEALS FOR THE NINTH DISTRICT OF TEXAS AT BEAUMONT

East Texas Educational Insurance Association v. Sanford Jones and James Thomas Lyle, as Independent Executor of the Estate of Mary Louise Jones, Deceased, and Next Friend of J.L., a Minor

East Texas Educational Insurance Ass'n · No. 09-24-00191-CV · Decided May 28, 2026

SUMMARY

The Ninth Court of Appeals of Texas considers whether the trial court properly determined East Texas Educational Insurance Association’s workers’ compensation subrogation lien during a settlement hearing. The court holds that the trial court abused its discretion by summarily adjudicating the carrier’s claim and effectively denying reimbursement for medical benefits without a trial on the merits or summary-judgment proceedings. The court reverses and remands for further proceedings.

CASE DETAILS

|                       |                                                                                                                                                                                                                                             |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| COURT                 | Court of Appeals for the Ninth District of Texas at Beaumont                                                                                                                                                                                |
| WRITING FOR THE COURT | W. Scott Golemon; W. Scott Golemon, Chief Justice; Wright, Justice; Chambers, Justice                                                                                                                                                       |
| JURISDICTION          | Court of Appeals for the Ninth District of Texas at Beaumont                                                                                                                                                                                |
| DECIDED               | May 28, 2026                                                                                                                                                                                                                                |
| DOCKET                | 09-24-00191-CV                                                                                                                                                                                                                              |
| DISPOSITION           | reversed_and_remanded                                                                                                                                                                                                                       |
| PROCEDURAL POSTURE    | Workers' compensation carrier ETEIA appealed orders determining the amount of its subrogation lien, severing its claims, and awarding reimbursement from settlement proceeds without a trial on the merits or summary-judgment proceedings. |
| STANDARD OF REVIEW    | Abuse of discretion for the trial court's determination of lien amounts; a trial court abuses its discretion by misapplying the law to established facts.                                                                                   |
| PRECEDENTIAL VALUE    | published                                                                                                                                                                                                                                   |
| PARTIES               | East Texas Educational Insurance Association v. Sanford Jones, James Thomas Lyle, as Independent Executor of the Estate of Mary Louise Jones, Deceased, and Next Friend of J.L., a Minor                                                    |

## TOPICS

workers compensation

subrogation

appellate procedure

civil procedure

standard of review

## PRACTICE AREAS

workers compensation

insurance

subrogation

civil procedure

appellate procedure

## QUESTIONS PRESENTED

1. Whether the trial court improperly adjudicated ETEIA's workers' compensation subrogation claim and reimbursement amount at a settlement hearing rather than through a trial on the merits, summary judgment, or another procedurally authorized method.
2. Whether the trial court summarily put ETEIA to trial in violation of Texas Rule of Civil Procedure 245 and due process.
3. Whether the trial court erred by failing to award reimbursement for ETEIA's \$350,000 payment to TRS-ActiveCare for medical benefits.
4. Whether ETEIA waived its complaints concerning notice, the reimbursement amount, and Texas Labor Code sections 409.009 and 409.0091.

## HOLDINGS

1. A trial court may not resolve disputed fact issues concerning a workers' compensation carrier's subrogation claim and reimbursement amount simply through a settlement-related motion and hearing. The dispute must be resolved by a trial on the merits, a properly conducted summary-judgment proceeding, a valid settlement agreement, or another method authorized by the procedural rules.
2. Under Texas Labor Code section 417.002(a), a workers' compensation carrier has a mandatory right to reimbursement from the net amount recovered in a third-party action for benefits, including medical benefits, paid for the compensable injury; the carrier is entitled to the first money up to the amount of benefits paid.
3. Remand, rather than rendition of judgment on the \$350,000 medical-benefit payment, was required because the lack of procedural due process prevented a valid adjudication of the merits.

## KEY QUOTATIONS

*“The net amount recovered by a claimant in a third-party action shall be used to reimburse the insurance carrier for benefits, including medical benefits, that have been paid for the compensable injury.” (30)*

*“There is nothing discretionary about this statute; a carrier’s right to reimbursement is mandatory.” (30)*

*“litigants cannot be put to trial summarily.” (31)*

*“Parties cannot resolve disputed fact issues ‘simply on motion and hearing’ without any of the procedural protections provided by a trial on the merits before a factfinder.” (32)*

*“We hold the trial court abused its discretion by misapplying the law to the facts of this case when it summarily adjudicated ETEIA’s subrogation claim during a settlement hearing and effectively denied its right*

to “first money” reimbursement of medical benefits paid without a trial on the merits or summary-judgment proceedings.” (36)

## FACTUAL BACKGROUND

Mary Louise Jones, a teacher, was seriously injured in May 2008 while traveling in Mexico in a Toyota van during an employment-related trip and died from her injuries in November 2008. After the injury was determined compensable, ETEIA paid temporary income benefits, death income benefits, and medical-related amounts, including \$350,000 paid to TRS-ActiveCare under a settlement and agreed judgment in a separate workers' compensation proceeding. Jones's beneficiaries intervened in a products-liability action against Toyota, and ETEIA intervened to assert reimbursement and subrogation rights. During settlement-related proceedings, the trial court determined ETEIA's lien based only on approximately \$419,785.59 in income benefits and resolved the disputed lien at a hearing without a trial or summary-judgment proceeding.

## PROCEDURAL HISTORY

Mary Louise Jones was injured in a 2008 automobile accident and later died from her injuries. ETEIA paid workers' compensation benefits and intervened in the beneficiaries' third-party products-liability action against Toyota to assert a statutory subrogation lien. The trial court determined ETEIA's lien amount at settlement-related hearings, excluded a \$350,000 medical-benefit reimbursement payment, entered amended lien orders and a severance order, and later signed findings of fact and conclusions of law. ETEIA appealed, and the Ninth Court of Appeals reversed the lien and severance orders, vacated the findings and conclusions, and remanded.

## DISPOSITION

reversed\_and\_remanded

## REMAND INSTRUCTIONS

Remand for proceedings consistent with the opinion and for adjudication of ETEIA's subrogation and reimbursement claims through a jury trial, bench trial, properly conducted summary-judgment proceeding, settlement agreement, or other method authorized by the Texas Rules of Civil Procedure. The trial court should protect both the carrier's and the beneficiaries' interests without necessarily setting aside the Toyota settlement.

## CASES CITED

- Toyota Motor Co. v. Cook, 581 S.W.3d 278, 281-82 (Tex. App.—Beaumont 2019, no pet.)
- Tex. Mut. Ins. Co. v. Ledbetter, 251 S.W.3d 31, 34-39 (Tex. 2008)
- Capitol Aggregates, Inc. v. Great Am. Ins. Co., 408 S.W.2d 922, 923-24 (Tex. 1966)
- Fort Worth Lloyds v. Haygood, 246 S.W.2d 865, 868 (Tex. 1952)
- Argonaut Ins. Co. v. Baker, 87 S.W.3d 526, 530 (Tex. 2002)
- Diamond Hydraulics, Inc. v. GAC Equip., LLC, No. 24-1049, 2026 WL 844386, at \*2 (Tex. Mar. 27, 2026)
- Huynh v. Blanchard, 694 S.W.3d 648, 674 (Tex. 2024)

- In re B.C., 579 S.W.3d 432, 435 (Tex. App.—Corpus Christi–Edinburg 2019), aff’d, 592 S.W.3d 133 (Tex. 2019)
- In re I.L.S., 339 S.W.3d 156, 159 (Tex. App.—Dallas 2011, no pet.)
- Highsmith v. Highsmith, 587 S.W.3d 771, 778 (Tex. 2019)
- Univ. of Tex. Med. Sch. at Hous. v. Than, 901 S.W.2d 926, 930, 933 (Tex. 1995)
- In re Park Mem’l Condo. Ass’n, Inc., 322 S.W.3d 447, 451 (Tex. App.—Houston [14th Dist.] 2010, orig. proceeding)
- Unitrust, Inc. v. Jet Fleet Corp., 673 S.W.2d 619, 623 (Tex. App.—Dallas 1984, no writ)
- Aguilar v. Aguilar, No. 04-24-00161-CV, 2025 WL 1512197, at \*5 (Tex. App.—San Antonio May 28, 2025, no pet.) (mem. op.)
- Gamboa v. Gamboa, 383 S.W.3d 263, 269 (Tex. App.—San Antonio 2012, no pet.)
- Lege v. Jones, 919 S.W.2d 870, 874 (Tex. App.—Houston [14th Dist.] 1996, no writ)
- Mercedes-Benz Credit Corp. v. Rhyne, 925 S.W.2d 664, 665 (Tex. 1996)

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