

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF
TEXAS, SAN ANTONIO DIVISION

Tuyo Holdings, LLC, John Patrick Lowe, Trustee for the Bankruptcy
Estate of Policy Services, LLC v. American General Life Insurance
Company

Tuyo Holdings · No. SA-25-CV-00130-JKP · Decided December 19, 2025

SUMMARY

The United States District Court for the Western District of Texas partially grants and partially denies American General Life Insurance Company’s motion to dismiss claims arising from the alleged lapse and attempted reinstatement of a life insurance policy. The court dismisses the bankruptcy trustee’s breach-of-contract claim for lack of standing and dismisses the trustee’s Texas Insurance Code § 541 and Texas Deceptive Trade Practices Act claims as time-barred. The court allows TuYo Holdings’ breach-of-contract claim and the plaintiffs’ Texas Insurance Code § 542 claim to proceed, and directs that the case be reopened and the stay lifted.

CASE DETAILS

COURT	United States District Court for the Western District of Texas, San Antonio Division
WRITING FOR THE COURT	Jason K. Pulliam
JURISDICTION	United States District Court for the Western District of Texas, San Antonio Division
DECIDED	December 19, 2025
DOCKET	SA-25-CV-00130-JKP
DISPOSITION	other
PROCEDURAL POSTURE	Defendant moved to dismiss under Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6). The court granted the motion in part, dismissing certain claims asserted by the bankruptcy trustee, but denied dismissal of Tuyo's breach-of-contract claim and the parties' Texas Insurance Code section 542 claim.
STANDARD OF REVIEW	For Rule 12(b)(1), the court considered whether PSI had standing to assert the breach-of-contract claim. For Rule 12(b)(6), the court accepted well-pleaded facts as true, viewed them in the light most favorable to plaintiffs, and asked whether the complaint stated a

	facially plausible claim or affirmatively demonstrated that plaintiffs could not recover under any set of facts consistent with the allegations. The court limited review to the complaint and documents attached to or referenced by the motion that were central to the claims.
PRECEDENTIAL VALUE	unpublished district court opinion; precedential status unknown
PARTIES	Tuyo Holdings, LLC, John Patrick Lowe, Trustee for the Bankruptcy Estate of Policy Services, LLC v. American General Life Insurance Company

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QUESTIONS PRESENTED

1. Whether Policy Services, LLC had standing to assert a breach-of-contract claim after assigning all rights in the Dean Policy to Tuyo Holdings.
2. Whether Tuyo adequately pleaded a breach-of-contract claim under Rule 12(b)(6).
3. Whether Policy Services' Texas Insurance Code section 541 and Texas Deceptive Trade Practices Act claims were barred by the applicable two-year limitations period.
4. Whether the Texas Insurance Code section 542 unfair-claim-settlement-practices claim should be dismissed because it depended on the breach-of-contract claim.
5. Whether plaintiffs should receive another opportunity to amend their complaint.

HOLDINGS

1. Based on its admission that the assignment to Tuyo was valid and enforceable, Policy Services did not have standing under the current pleadings to assert the breach-of-contract claim. The court dismissed Policy Services as a plaintiff on that claim.
2. Tuyo sufficiently pleaded a breach-of-contract claim to survive Rule 12(b)(6).
3. Policy Services' Texas Insurance Code section 541 and Texas Deceptive Trade Practices Act claims were barred by the applicable two-year limitations period and were dismissed.
4. The Texas Insurance Code section 542 unfair-claim-settlement-practices claim asserted by Tuyo and Policy Services survived the motion to dismiss.
5. The court declined to permit another amended complaint because plaintiffs had already been given adequate opportunity to plead their best case and the court's standing order provided that another amendment would not be allowed after a meritorious motion to dismiss.

KEY QUOTATIONS

“Consequently, based upon the current pleadings, and based upon PSI’s admission, the Court finds PSI does not have standing to assert a cause of action for breach of contract.” (Section 1)

“The cause of action of breach of contract asserted by TuYo remains, and the cause of action of violation of the Texas Unfair Claim Settlement Practices Act under the Texas Insurance Code § 542 asserted by TuYo and PSI remains.” (Conclusion)

FACTUAL BACKGROUND

The Dean Policy insured Jean Dean and was transferred to Policy Services, LLC, which later assigned its rights in the policy to TuYo Holdings after Policy Services filed for Chapter 7 bankruptcy. The policy lapsed on November 6, 2019, after premiums were not paid; plaintiffs alleged that American General represented in March 2020 that the policy would be reinstated, but later sent a June 2, 2020 letter stating that reinstatement could not be offered. American General ultimately denied reinstatement and denied benefits after Dean died on November 23, 2023. Plaintiffs alleged breach of contract, deceptive insurance practices, Texas Deceptive Trade Practices Act violations, and an unfair-claim-settlement-practices claim.

PROCEDURAL HISTORY

Plaintiffs filed suit concerning American General's refusal to reinstate a lapsed life-insurance policy and its subsequent denial of policy benefits. Plaintiffs filed a Second Amended Complaint asserting breach of contract, Texas Insurance Code sections 541 and 542 claims, and Texas Deceptive Trade Practices Act claims. American General moved to dismiss, and the court ruled on the motion by memorandum opinion and order, directing the clerk to reopen the case and lift the stay.

DISPOSITION

other

CASES CITED

- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555-558, 570 (2007)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Clark v. Amoco Prod. Co., 794 F.2d 967, 970 (5th Cir.)
- Frith v. Guardian Life Ins. Co., 9 F. Supp. 2d 734, 737-38 (S.D. Tex.)
- Jones v. Greninger, 188 F.3d 322, 324 (5th Cir.)
- Vander Zee v. Reno, 73 F.3d 1365, 1368 (5th Cir.)
- Brand Coupon Network, L.L.C. v. Catalina Mktg. Corp., 748 F.3d 631, 635 (5th Cir.)
- Martin K. Eby Constr. Co. v. Dallas Area Rapid Transit, 369 F.3d 464, 467 (5th Cir.)
- Foman v. Davis, 371 U.S. 178, 182 (1962)
- Hitt v. City of Pasadena, 561 F.2d 606, 608-09 (5th Cir.)
- DeLoach v. Woodley, 405 F.2d 496, 496-97 (5th Cir.)

- U.S. ex rel. Willard v. Humana Health Plan of Tex. Inc., 336 F.3d 375, 387 (5th Cir.)
- Brewster v. Dretke, 587 F.3d 764, 768 (5th Cir.) (per curiam)
- Great Plains Trust Co. v. Morgan Stanley Dean Witter & Co., 313 F.3d 305, 329 (5th Cir.)
- Herrmann Holdings Ltd. v. Lucent Techs. Inc., 302 F.3d 552, 567 (5th Cir.)
- Williams v. Wells Fargo Bank, N.A., 560 F. App'x 233, 238 (5th Cir.)
- Runge v. Raytheon E-Systems, Inc., 57 S.W.3d 562, 565 (Tex. App.—Waco [10th Dist.])
- Jones v. Alcoa, Inc., 339 F.3d 359, 366 (5th Cir.)

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