

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF
KENTUCKY, LOUISVILLE DIVISION

Morgan McKinley and Kyle McKinley v. Allstate Insurance
Company

McKinley · No. 3:26-cv-276 · Decided May 5, 2026

SUMMARY

The United States District Court for the Western District of Kentucky addresses Allstate Insurance Company’s motion to bifurcate the plaintiffs’ breach-of-contract and bad-faith claims. The court grants bifurcation for trial but denies bifurcation or a stay of discovery because the claims involve overlapping parties, conduct, timeframes, and evidence. The court reserves how trial bifurcation will proceed until closer to trial.

CASE DETAILS

COURT	United States District Court for the Western District of Kentucky, Louisville Division
JURISDICTION	United States District Court for the Western District of Kentucky
DECIDED	May 5, 2026
DOCKET	3:26-cv-276
DISPOSITION	other
PROCEDURAL POSTURE	Allstate moved under Federal Rule of Civil Procedure 42(b) to bifurcate plaintiffs' Kentucky insurance bad-faith claims from their breach-of-contract claim for trial and discovery. The court granted bifurcation for trial but denied bifurcation or a stay of discovery.
STANDARD OF REVIEW	Bifurcation under Federal Rule of Civil Procedure 42(b), and a stay or bifurcation of discovery, are committed to the district court's sound discretion. The party seeking bifurcation bears the burden of showing that convenience, avoidance of undue prejudice, or expedition and economy favor separation.
PRECEDENTIAL VALUE	unpublished district-court memorandum order; nonprecedential

TOPICS

- civil procedure
- insurance bad faith
- breach of contract
- discovery dispute
- insurance

PRACTICE AREAS

civil procedure

insurance

contracts

QUESTIONS PRESENTED

1. Whether the breach-of-contract and bad-faith claims should be bifurcated for trial under Federal Rule of Civil Procedure 42(b).
2. Whether discovery on the bad-faith claims should be bifurcated or stayed pending resolution of the breach-of-contract and coverage dispute.

HOLDINGS

1. Trial bifurcation was appropriate because presenting bad-faith evidence with the underlying coverage and breach-of-contract dispute would likely confuse the jury and prejudice Allstate, even though the claims involved overlapping evidence. The court therefore bifurcated the bad-faith claims from the other claims for trial, while reserving the precise method of conducting the bifurcated trial for a later date.
2. The court denied Allstate's request to bifurcate or stay discovery on the bad-faith claims because the bad-faith and breach-of-contract claims involved the same parties, actions, inactions, time frame, and overlapping evidence. Separating discovery would create inefficiencies and additional disputes over the scope of permissible discovery.

KEY QUOTATIONS

“The decision whether to try issues separately is within the sound discretion of the court”

“The issues are inextricably intertwined.”

“Therefore, because Plaintiffs’ claims overlap and involve the same parties, actions, inactions, and timeframes, and otherwise require some of the same evidence to prove each, Allstate’s request for bifurcation for purposed of discovery [DE 8] is DENIED.”

FACTUAL BACKGROUND

Plaintiffs owned property in Louisville, Kentucky, insured it through Allstate, and alleged that wind and hail damaged the property in March 2025. They alleged that Allstate failed to pay all or most benefits due under the policy and misrepresented facts concerning the loss and coverage. Plaintiffs asserted breach-of-contract and statutory and common-law bad-faith claims based on Allstate's handling and denial of the insurance claim.

PROCEDURAL HISTORY

Plaintiffs filed suit in Jefferson Circuit Court asserting breach of contract, statutory bad faith under the Kentucky Unfair Claims Settlement Practices Act, and common-law bad faith arising from an alleged wind-and-hail insurance loss. Allstate removed the case to federal court based on diversity jurisdiction and then moved to bifurcate the bad-faith claims. Plaintiffs filed no response but expressed no objection through proposed agreed orders. The district court granted the motion in part and denied it in part.

DISPOSITION

other

CASES CITED

- Dippin’ Dots, LLC v. Travelers Prop. Cas. Co. of Am., 322 F.R.D. 271, 274 (W.D. Ky. 2017)
- Wilson v. Morgan, 477 F.3d 326, 339 (6th Cir. 2007)
- Pryor v. State Farm Mut. Auto. Ins. Co., No. 1:16-CV-312, 2017 WL 354228, at *1 (S.D. Ohio Jan. 23, 2017)
- Nelson v. Columbia Gas Transmission, LLC, 808 F. App’x 321, 329 (6th Cir. 2020)
- Bath & Body Works, Inc. v. Luzier Personalized Cosms., Inc., 76 F.3d 743, 747 (6th Cir. 1996)
- Martin v. Heideman, 106 F.3d 1308, 1311 (6th Cir. 1997)
- Forrest B. White, Jr. Masonry, Inc. v. ABG Caulking Contractors, Inc., No. 5:13-CV-00194-TBR, 2014 WL 991734, at *1 (W.D. Ky. Mar. 13, 2014)
- Royal Consumer Prod. v. Martin Indus., LLC, No. 3:15-CV-00830-CRS, 2016 WL 3080841, at *1 (W.D. Ky. May 31, 2016)
- Smith, 403 F.3d at 407
- Austin v. State Farm Fire & Cas. Co., No. 1:23-CV-00140-GNS-HBB, 2024 WL 917380 (W.D. Ky. 2024)
- Hub at Lovers Lane, LLC v. Cincinnati Ins., No. 1:24-CV-00006-BJB-HBB, 2024 WL 1701977 (W.D. Ky. 2024)
- Brantley v. Safeco Ins. of Am., No. 1:11-CV-00054-R, 2011 U.S. WL 6012554 (W.D. Ky. 2011)
- Curry v. State Farm Mut. Auto. Ins., No. 2:19-CV-4469, 2020 WL 13885993, at *2 (S.D. Ohio May 7, 2020)
- Holloway v. Ohio Sec. Ins., No. 3:14-CV-00856-CRS, 2015 WL 6870141, at *1 (W.D. Ky. 2015)
- Nationwide Mut. Fire Ins. Co. v. Jahic, No. 3:11-CV-00155, 2013 WL 98059, at *2 (W.D. Ky. 2013)
- Tharpe v. Illinois Nat. Ins. Co., 199 F.R.D. 213, 215 (W.D. Ky. 2001)
- Brown v. Tax Ease Lien Invs., LLC, 77 F. Supp. 3d 598, 604 (W.D. Ky. 2015)
- O’Hara v. Laurel Cnty. Corr. Ctr., No. 6:23-CV-026-CHB, 2023 WL 5729212, at *11-*12 (E.D. Ky. Sept. 5, 2023)
- Riedling v. Motorists Ins. Grp., No. CV-11-47-DLB, 2011 WL 13228003, at *2 (E.D. Ky. June 8, 2011)
- Gettings v. Bldg. Laborers Loc. 310 Fringe Benefits Fund, 349 F.3d 300, 304 (6th Cir. 2003)
- Hahn v. Star Bank, 190 F.3d 708, 719 (6th Cir. 1999)
- Warner as Trs. for Bernard Ridge Church of God v. State Auto Prop. & Cas. Ins. Co., No. 1:18-CV-168-GNS-HBB, 2019 WL 13218779, at *3 (W.D. Ky. Apr. 30, 2019)
- Duggan v. The Vill. of New Albany, 2009 WL 2132622, at *4 (S.D. Ohio 2009)
- Wittmer v. Jones, 864 S.W.2d 885, 890 (Ky. 1993)
- Shepherd v. Unumprovident Corp., 381 F. Supp. 2d 608, 612 (E.D. Ky. 2005)
- Curry v. Fireman’s Fund Ins. Co., 784 S.W.2d 176, 178 (Ky. 1989)
- Rouse v. Farmer, 2018 WL 2078030, at *4 (Ky. Ct. App. May 4, 2018)

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