SUPREME COURT OF THE STATE OF IDAHO

The Estate of Benjamin Holland v. Metropolitan Property and Casualty Insurance Company, and MetLife Auto & Home

153 Idaho 94 (2012) · No. 38157-2010 · Decided May 29, 2012

SUMMARY

The Idaho Supreme Court reviewed an appeal involving a settlement with an insurer and the insureds' claim for attorney fees under Idaho Code section 41-1839. The court held that a proof of loss need not explain the legal theory establishing coverage and that the district court erred in enforcing the settlement on that basis. It also addressed appellate jurisdiction, the requirements for a final judgment, prevailing-party status, and the procedural treatment of attorney fees as costs.

CASE DETAILS

COURT	Supreme Court of the State of Idaho
WRITING FOR THE COURT	Eismann, Justice; Burdick, Chief Justice; J. Jones, Justice; W. Jones, Justice; Horton, Justice
JURISDICTION	Idaho
DECIDED	May 29, 2012
DOCKET	38157-2010
DISPOSITION	vacated
PROCEDURAL POSTURE	Appeal from the denial of attorney fees under Idaho Code section 41-1839 and the district court's enforcement of a settlement agreement and dismissal of the action with prejudice.
STANDARD OF REVIEW	The court reviewed questions of subject-matter and appellate jurisdiction sua sponte. A motion to enforce a settlement agreement is treated as a motion for summary judgment when no evidentiary hearing has occurred. The court reviewed the district court's legal conclusions regarding Idaho Code section 41-1839 and Idaho Rule of Civil Procedure 54 de novo, while factual disputes concerning the settlement, proof of loss, timing, and excusable neglect required trial-court resolution.
PRECEDENTIAL VALUE	Published Idaho Supreme Court opinion; precedential.

PARTIES	The Estate of Benjamin Holland, Gregory Holland, Kathleen Holland v. Metropolitan Property and Casualty Insurance Company, MetLife Auto & Home

TOPICS

insurance coverage · attorney fees · contract interpretation · appellate jurisdiction · final judgment rule

PRACTICE AREAS

insurance law · civil procedure · appellate procedure · contracts · remedies

QUESTIONS PRESENTED

1. Whether the Idaho Supreme Court had appellate jurisdiction after the district court entered a judgment that did not comply with Idaho Rule of Civil Procedure 54(a).
2. Whether the district court erred by enforcing the settlement agreement on the ground that the Hollands' proof of loss failed to state the legal theories supporting coverage.
3. Whether the district court properly treated the Hollands' request for attorney fees under Idaho Code section 41-1839 as subject to summary judgment under Idaho Rule of Civil Procedure 56.
4. Whether knowledge of the lawsuit, a formal denial of the claim, or an unreasonable refusal to pay was required for an award of attorney fees under Idaho Code section 41-1839.
5. What requirements governed proof of loss, the thirty-day payment period, payment or tender of the amount justly due, and filing of a memorandum of costs under Idaho Rules of Civil Procedure 54 and Idaho Code section 41-1839.

HOLDINGS

1. The Idaho Supreme Court had jurisdiction because the district court ultimately entered a second amended judgment that complied with Idaho Rule of Civil Procedure 54(a); the earlier documents labeled as judgments were not final judgments because they recited pleadings and prior proceedings.
2. An insured seeking attorney fees under Idaho Code section 41-1839 need not provide the insurer with an explanation or legal theory showing why the policy affords coverage. The insured must provide a proof of loss as required by the policy, including sufficient information to permit investigation and determination of liability and a specific sum or basis for calculating the loss.
3. The reasonable-opportunity requirement concerns whether the insured provided enough information in the proof of loss, not whether the insurer received enough time to investigate coverage beyond the statutory thirty-day period.
4. The statute requires proof of loss as provided in the policy and failure by the insurer to pay the amount justly due within thirty days after receipt of that proof. It does not require that the insurer know about the lawsuit, formally deny the claim, act unreasonably or unjustly, or compel the insured to file suit.

5. A request for attorney fees under Idaho Code section 41-1839 is not a claim for relief and is not properly resolved by summary judgment under Idaho Rule of Civil Procedure 56.
6. The district court could resolve disputed facts concerning whether the settlement's reference to a full release included the attorney-fee claim by conducting a court trial; the motion to enforce a settlement agreement is treated as a summary-judgment motion only when no evidentiary hearing has been conducted.
7. Attorney fees awardable under Idaho Code section 41-1839 are costs and must be included in a memorandum of costs supported by the required affidavit; failure to timely file a memorandum of costs waives the right to recover fees unless the court enlarges the time for excusable neglect.

KEY QUOTATIONS

> *"The insured must provide a proof of loss to the insurance company, not a theory of coverage under the terms of the policy."* (153 Idaho at 103)

> *"All that is required is that the insurance company fail to pay the amount justly due, either to the person entitled thereto or into court, within the thirty-day period set forth in the statute."* (153 Idaho at 102)

> *"The words "reasonable opportunity" in the quotation from Greenough clearly refer to the amount of information provided in the proof of loss, not the amount of time it takes the insurance company to determine if there is coverage."* (153 Idaho at 106)

> *"Offering the amount justly due does not constitute either paying it to the person entitled thereto or depositing it in the court."* (153 Idaho at 107)

FACTUAL BACKGROUND

Benjamin Holland died in a single-vehicle accident while insured under a MetLife automobile policy providing underinsured-motorist coverage. His parents and estate submitted claims under Ben's policy and two policies issued to his parents; MetLife ultimately settled the claims for $200,000 after the lawsuit was filed. The Hollands preserved their attorney-fee motion in the release and dismissal agreement. The district court denied fees and enforced the settlement based partly on its conclusion that the proof of loss had to identify the legal theories establishing coverage.

PROCEDURAL HISTORY

The Hollands sued MetLife for insurance-contract and tort claims and sought attorney fees under Idaho Code section 41-1839. The parties settled the substantive insurance claims for $200,000, leaving the attorney-fee issue for decision. The district court enforced the settlement and denied attorney fees, reasoning in part that the proof of loss was insufficient because it did not state the legal theories supporting coverage. After the initial and amended dismissal judgments failed to satisfy Idaho Rule of Civil Procedure 54(a), the district court entered a second amended judgment on April 30, 2012. The Idaho Supreme Court held that it had jurisdiction, vacated the judgment, and remanded for further proceedings.

DISPOSITION

vacated

REMAND INSTRUCTIONS

Vacate the judgment and order denying the Hollands' request for attorney fees under Idaho Code section 41-1839. On remand, determine through further proceedings whether the settlement agreement released the attorney-fee claim; resolve factual disputes concerning the timing and sufficiency of proof of loss, any agreement extending the thirty-day period, payment or tender, and the parties' prevailing status; determine whether the attorney's affidavit constituted a memorandum of costs and whether any late filing or objection should be excused for excusable neglect; and award or deny attorney fees consistently with the opinion. The court may also award fees for the appeal if the Hollands ultimately qualify under section 41-1839. The Supreme Court awarded costs, but not attorney fees, on appeal.

CASES CITED

- Johnson v. Blaine County, 146 Idaho 916, 924, 204 P.3d 1127, 1135 (2009)
- Highlands Development Corp. v. City of Boise, 145 Idaho 958, 960, 188 P.3d 900, 902 (2008)
- Harrison v. Certain Underwriters at Lloyd's, London, 149 Idaho 201, 205, 233 P.3d 132, 136 (2010)
- Camp v. East Fork Ditch Co., Ltd., 137 Idaho 850, 867, 55 P.3d 304, 321 (2002)
- Vanderford Co., Inc. v. Knudson, 150 Idaho 664, 670-71, 249 P.3d 857, 863-64 (2011)
- Temperance Insurance Exchange v. Carver, 83 Idaho 487, 493, 365 P.2d 824, 827 (1961)
- Barbee v. WMA Securities, Inc., 143 Idaho 391, 395, 146 P.3d 657, 661 (2006)
- Parsons v. Mutual of Enumclaw Insurance Co., 143 Idaho 743, 745-47, 152 P.3d 614, 616-18 (2007)
- Boel v. Stewart Title Guaranty Co., 137 Idaho 9, 16, 43 P.3d 768, 775 (2002)
- Slaathaug v. Allstate Insurance Co., 132 Idaho 705, 711, 979 P.2d 107, 113 (1999)
- Greenough v. Farm Bureau Mutual Insurance Co. of Idaho, 142 Idaho 589, 593, 130 P.3d 1127, 1131 (2006)
- Weinstein v. Prudential Property and Casualty Insurance Co., 149 Idaho 299, 328, 233 P.3d 1221, 1250 (2010)
- Brinkman v. Aid Insurance Co., 115 Idaho 346, 350, 766 P.2d 1227, 1231 (1988)
- Martin v. State Farm Mutual Automobile Insurance Co., 138 Idaho 244, 247-48, 61 P.3d 601, 604-05 (2002)
- Walton v. Hartford Insurance Co., 120 Idaho 616, 620, 818 P.2d 320, 324 (1991)
- Hansen v. State Farm Mutual Automobile Insurance Co., 112 Idaho 663, 671, 735 P.2d 974, 982 (1987)
- Crowley v. Lafayette Life Insurance Co., 106 Idaho 818, 823, 683 P.2d 854, 859 (1984)
- Wheeler v. McIntyre, 100 Idaho 286, 289, 596 P.2d 798, 801 (1979)