UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS, HOUSTON DIVISION

Arturo Barona v. State Farm Lloyds

Barona v. State Farm Lloyds · No. 4:24-CV-01393 · Decided December 12, 2025

SUMMARY

The United States District Court for the Southern District of Texas granted State Farm Lloyds' motion for summary judgment in an insurance coverage dispute arising from damage caused by burst frozen pipes. The court held that the policy's frozen-plumbing exclusion applied because the insured turned off the heat without draining the equipment or shutting off the water supply, and that State Farm was not required to participate in appraisal because the dispute concerned coverage rather than the amount of loss. The court also entered judgment against the insured on his extra-contractual claims, including bad faith, Texas Insurance Code, DTPA, and prompt-payment claims, and dismissed the action with prejudice.

CASE DETAILS

COURT	United States District Court for the Southern District of Texas, Houston Division
WRITING FOR THE COURT	Andrew S. Hanen
JURISDICTION	United States District Court for the Southern District of Texas, Houston Division
DECIDED	December 12, 2025
DOCKET	4:24-CV-01393
DISPOSITION	dismissed
PROCEDURAL POSTURE	State Farm removed Plaintiff's Texas state-court insurance action to federal court based on diversity jurisdiction and moved for summary judgment. Plaintiff opposed the motion and objected to State Farm's summary-judgment evidence.
STANDARD OF REVIEW	Summary judgment is proper when the movant shows that no genuine dispute as to any material fact exists and that the movant is entitled to judgment as a matter of law. The court viewed reasonable inferences in the light most favorable to the nonmoving party.
PRECEDENTIAL VALUE	District court order; precedential status unknown

PARTIES Arturo Barona v. State Farm Lloyds

TOPICS

insurance coverage · contract interpretation · summary judgment · insurance bad faith · deceptive trade practices

PRACTICE AREAS

insurance · civil procedure · contracts · evidence · consumer protection

QUESTIONS PRESENTED

1. Whether the insurance policy required State Farm to cover damage caused by frozen plumbing when the insured turned off the heat but neither drained the equipment nor shut off the water supply.
2. Whether State Farm breached the policy by refusing to participate in appraisal when the dispute concerned coverage liability rather than the amount of loss.
3. Whether Barona's common-law bad-faith, Texas Insurance Code Chapter 541, Texas Deceptive Trade Practices Act, and Texas Prompt Payment of Claims Act claims survived the absence of covered loss and State Farm's reasonable basis for denying the claim.
4. Whether Barona's objections to State Farm's claim-file evidence required exclusion of that evidence at summary judgment.

HOLDINGS

1. The policy unambiguously excluded damage caused by frozen plumbing unless the insured did his best to maintain heat or drained the equipment and shut off the water supply when heat was not maintained. Because Barona intentionally turned off the heat, did not drain the equipment, and did not shut off the water supply, State Farm had no contractual obligation to cover the damage and did not breach the policy.
2. State Farm had no contractual obligation to participate in appraisal because the policy's appraisal clause addressed only disputes concerning the value of property or amount of loss, while the parties' dispute concerned whether the loss was covered at all.
3. The court overruled Barona's objection to the claim-file excerpts and denial letter because State Farm's declaration provided a sufficient foundation and the materials were capable of being presented in an admissible form. The court sustained the objection to unrelated opinion testimony in the declaration to the extent such testimony was offered.
4. Barona's common-law bad-faith, Texas Insurance Code Chapter 541, and DTPA claims failed because State Farm had a reasonable basis for denying coverage, and the Chapter 541 and DTPA claims shared the same predicate for recovery as the bad-faith claim.
5. Barona could not maintain a Texas Prompt Payment of Claims Act claim because he could not establish that State Farm was contractually obligated to pay any amount under the policy.

KEY QUOTATIONS

> *"Summary judgment is warranted "if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.""* (Legal Standard)

> *"Texas courts have been clear: "the scope of appraisal is damages, not liability.""* (Appraisal analysis)

> *"For the foregoing reasons, the Court hereby grants State Farm's Motion for Summary Judgment on each of Plaintiff's causes of action."* (Conclusion)

FACTUAL BACKGROUND

Freezing weather allegedly caused plumbing fixtures at Barona's commercial property to freeze, expand, and burst, resulting in water damage. Barona admitted that he intentionally turned off the building's heat while leaving the water supply on and failing to drain the pipes. State Farm denied coverage under the policy's frozen-plumbing exclusion, and Barona later demanded appraisal after completing repairs; State Farm declined to participate because the dispute concerned coverage liability rather than the amount of loss and the property was no longer available for inspection.

PROCEDURAL HISTORY

Barona filed suit in Texas state court on March 4, 2024. State Farm removed the action on April 17, 2024. In his First Amended Complaint, Barona asserted breach and anticipatory breach of contract, breach of the duty of good faith and fair dealing, Texas Deceptive Trade Practices Act and unconscionability claims, Texas Prompt Payment of Claims Act claims, and Texas Insurance Code Chapter 541 claims. The district court granted State Farm's motion for summary judgment on every cause of action, denied the remaining motions as moot, and dismissed the case with prejudice.

DISPOSITION

dismissed

CASES CITED

- Triple Tee Golf, Inc. v. Nike, Inc., 485 F.3d 253, 261 (5th Cir. 2007)
- Celotex Corp. v. Catrett, 477 U.S. 317, 321-25 (1986)
- Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 587 (1986)
- Malacara v. Garber, 353 F.3d 393, 405 (5th Cir. 2003)
- Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248, 255 (1986)
- Ritree Logistics, LLC v. Neely Coble Co., 2025 WL 2147387, at *3 (S.D. Tex. July 29, 2025)
- Maurer v. Indep. Town, 870 F.3d 380, 384 (5th Cir. 2017)
- Erie R.R. Co. v. Tompkins, 304 U.S. 64, 78 (1938)
- Pathfinder Oil & Gas, Inc. v. Great Western Drilling, Ltd., 574 S.W.3d 882, 890 (Tex. 2019)
- Hamilton Props. v. American Ins. Co., 643 F. App'x 437, 439 (5th Cir. 2016)
- Schnell v. State Farm Lloyds, 98 F.4th 150, 156, 159 (5th Cir. 2024)

- Coker v. Coker, 650 S.W.2d 391, 393 (Tex. 1983)
- In re Universal Underwriters of Tex. Ins. Co., 345 S.W.2d 404, 406 (Tex. 2011)
- State Farm Lloyds v. Johnson, 290 S.W.3d 886, 890 (Tex. 2009)
- USAA Tex. Lloyds Co. v. Menchaca, 545 S.W.3d 479, 489 (Tex. 2018)
- State Farm Lloyds v. Page, 315 S.W.3d 525, 532 (Tex. 2010)
- Switzer v. State Farm Lloyds, 642 F. Supp. 3d 568, 572 (W.D. Tex. Nov. 22, 2022)
- Universe Life Ins. Co. v. Giles, 950 S.W.2d 48, 50-51 (Tex. 1997)
- Higginbotham v. State Farm Mut. Auto. Ins. Co., 103 F.3d 456, 459-60 (5th Cir. 1997)
- Parkans Int'l LLC v. Zurich Ins. Co., 299 F.3d 514, 519 (5th Cir. 2002)