UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF CALIFORNIA

Paiman Rahbarian and Vera Davydenko v. Allstate Insurance Company; Allstate Insurance Company of California; and Does 1 to 25, inclusive

Rahbarian · No. 2:24-cv-02270-TLN-SCR · Decided June 2, 2025

SUMMARY

The Eastern District of California denied Plaintiffs' motion to remand and granted Allstate Insurance Company of California's motion to dismiss. The Court held that AICCA was fraudulently joined because it was not a party to the insurance policy and could not be liable for the asserted contract, bad-faith, or negligence claims on the allegations and evidence presented. AICCA was dismissed without leave to amend, and the case proceeded against Allstate Insurance Company.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
WRITING FOR THE COURT	Troy L. Nunley
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	June 2, 2025
DOCKET	2:24-cv-02270-TLN-SCR
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs moved to remand a removed insurance action to state court. Allstate Insurance Company of California moved to dismiss under Federal Rule of Civil Procedure 12(b)(6).
STANDARD OF REVIEW	On a motion to remand based on diversity jurisdiction, the removing party bears the burden of establishing federal jurisdiction, and fraudulent joinder is evaluated under the heavy-burden standard, resolving disputed facts and ambiguities in state law in the plaintiff's favor. The motion to dismiss was governed by Federal Rule of Civil Procedure 12(b)(6).
PRECEDENTIAL VALUE	Nonprecedential federal district-court order

PARTIES	Paiman Rahbarian, Vera Davydenko v. Allstate Insurance Company, Allstate Insurance Company of California, Does 1 to 25, inclusive

TOPICS

subject matter jurisdiction · motions to dismiss · civil procedure · insurance · breach of contract

PRACTICE AREAS

civil procedure · insurance · contracts

QUESTIONS PRESENTED

1. Whether Allstate Insurance Company of California was fraudulently joined so that its California citizenship could be disregarded for purposes of diversity jurisdiction.
2. Whether Plaintiffs could state breach-of-contract or insurance bad-faith claims against an entity that was not a party to the insurance policy.
3. Whether Plaintiffs could state a negligence claim against Allstate Insurance Company of California based on the alleged conduct of agents or others who investigated and handled the insurance claim.
4. Whether Allstate Insurance Company of California should be dismissed without leave to amend.

HOLDINGS

1. Allstate Insurance Company of California was fraudulently joined because Plaintiffs could not establish any viable claim against it under the theories presented; its citizenship therefore did not defeat complete diversity.
2. An entity that is not a party to the insurance contract cannot be liable for breach of that contract or breach of the implied covenant of good faith and fair dealing arising from the contract.
3. Plaintiffs failed to establish a viable negligence claim against Allstate Insurance Company of California based on a conclusory assertion that agents or other persons working on its behalf may have negligently investigated or mishandled the claim.
4. The motion to remand was denied, and Allstate Insurance Company of California was dismissed without leave to amend.

KEY QUOTATIONS

> *"There are two ways to establish fraudulent joinder: '(1) actual fraud in the pleading of jurisdictional facts[;] or (2) inability of the plaintiff to establish a cause of action against the non-diverse party in state court.'"* (III. Analysis)

> *"The Court finds Defendants have established Plaintiffs cannot assert their breach of contract and bad faith claims against AICCA as AICCA was not a party to the Insurance Policy."* (III. Analysis)

FACTUAL BACKGROUND

Plaintiffs obtained a written renter's insurance policy from Allstate Insurance Company that allegedly covered theft of property. Property was stolen from Plaintiffs' moving truck on June 23, 2023, and the insurer denied their claim. Plaintiffs also named Allstate Insurance Company of California, alleging that it could be liable for claims arising from the policy and the handling of the claim, although it was not a party to the policy and allegedly had no employees, assets, revenue, or business operations.

PROCEDURAL HISTORY

Plaintiffs filed a California state-court action alleging contract, insurance bad-faith, fiduciary-duty, loyalty, negligence, and unfair-competition claims arising from the denial of a renter's insurance claim. Allstate Insurance Company removed based on diversity jurisdiction. The district court denied remand after finding that Allstate Insurance Company of California was fraudulently joined, granted that defendant's motion to dismiss without leave to amend, and allowed the case to proceed against Allstate Insurance Company.

DISPOSITION

other

REMAND INSTRUCTIONS

The case will proceed against Allstate Insurance Company; Allstate Insurance Company of California is dismissed without leave to amend.

CASES CITED

- Lew v. Moss, 797 F.2d 747, 749 (9th Cir. 1986)
- Resnik v. La Paz Guest Ranch, 289 F.2d 814, 819 (9th Cir. 1961)
- Strotek Corp. v. Air Transp. Ass'n of Am., 300 F.3d 1129, 1131 (9th Cir. 2002)
- Gaus v. Miles, Inc., 980 F.2d 564, 566 (9th Cir. 1992)
- Caterpillar Inc. v. Lewis, 519 U.S. 61, 68 (1996)
- Johnson v. Columbia Prop. Anchorage, LP, 437 F.3d 894, 899 (9th Cir. 2006)
- Weight v. Active Network, Inc., 29 F. Supp. 3d 1289, 1292 (S.D. Cal. 2014)
- Kroske v. U.S. Bank Corp., 432 F.3d 976, 980 (9th Cir. 2005)
- Singer v. State Farm Mut. Auto. Ins. Co., 116 F.3d 373, 376 (9th Cir. 1997)
- Sanchez v. Monumental Life Ins. Co., 102 F.3d 398, 404 (9th Cir. 1996)
- Allen v. R & H Oil & Gas Co., 63 F.3d 1326, 1335–36 (5th Cir. 1995)
- United Computer Sys., Inc. v. AT & T Corp., 298 F.3d 756, 762 (9th Cir. 2002)
- Emrich v. Touche Ross & Co., 846 F.2d 1190, 1193 n.1 (9th Cir. 1988)
- Grancare, LLC v. Thrower by and through Mills, 889 F.3d 543, 548 (9th Cir. 2018)
- Hunter v. Phillip Morris USA, 582 F.3d 1039, 1044, 1046 (9th Cir. 2009)
- Ritchey v. Upjohn Drug Co., 139 F.3d 1313, 1318 (9th Cir. 1998)
- Nasrawi v. Buck Consultants, LLC, 713 F. Supp. 2d 1080, 1084 (E.D. Cal. 2010)

- Macey v. Allstate Prop. & Cas. Ins. Co., 220 F. Supp. 2d 1116, 1117 (N.D. Cal. 2002)
- Gruenberg v. Aetna Ins. Co., 9 Cal. 3d 566, 576 (1973)
- Hatchwell v. Blue Shield of Cal., 198 Cal. App. 3d 1027, 1033 (1988)
- Wilson v. Republic Iron & Steel Co., 257 U.S. 92, 97 (1921)

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