

SUPREME COURT OF IDAHO

Hans Boll and Peggy Boll v. State Farm Mutual Automobile Insurance Company, 140 Idaho 334

92 P.3d 1081 (2004) · No. No. 29295 · Decided June 15, 2004

SUMMARY

The Idaho Supreme Court reviewed a dispute concerning an insurer's medical-payment subrogation interest and the insureds' recovery of attorney fees under the equitable common fund doctrine. The court upheld the jury's verdict rejecting the insureds' breach-of-contract and punitive-damages claims, while affirming the district court's award of collection expenses against the insurer's subrogation recovery. The court also affirmed the determination that the insureds were the prevailing party for purposes of costs.

CASE DETAILS

COURT	Supreme Court of Idaho
WRITING FOR THE COURT	Justice Kidwell; Chief Justice Trout; Justice Schroeder; Justice Eismann; Justice Pro Tem Walters
JURISDICTION	Idaho
DECIDED	June 15, 2004
DOCKET	No. 29295
DISPOSITION	affirmed
PROCEDURAL POSTURE	The insureds appealed from a judgment following a jury verdict rejecting their breach-of-contract and punitive-damages claims, while the insurer cross-appealed the district court's equitable award of attorney fees under the common fund doctrine and its determination that the insureds were the prevailing parties.
STANDARD OF REVIEW	A motion for judgment notwithstanding the verdict is reviewed to determine whether substantial and competent evidence supports the jury's verdict, with reasonable inferences drawn in favor of the nonmoving party. Jury instructions are reviewed as a whole for whether they fairly and adequately present the issues and state the law, and an instruction is reversible only if it misled or prejudiced the complaining party. Denial of a motion for new trial and attorney-fee decisions are reviewed for abuse of discretion. District-court factual

	findings are upheld if supported by substantial and competent evidence.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Hans Boll, Peggy Boll v. State Farm Mutual Automobile Insurance Company

TOPICS

subrogation insurance coverage implied covenant of good faith appellate procedure attorney fees

PRACTICE AREAS

insurance contracts remedies appellate procedure civil procedure

QUESTIONS PRESENTED

1. Whether substantial evidence supported the jury's verdict that State Farm did not breach the implied covenant of good faith and fair dealing by delaying endorsement of the settlement draft.
2. Whether the district court's jury instructions fairly and adequately stated the law concerning subrogation, reimbursement, the parties' rights, and alleged breach of contract.
3. Whether the district court abused its discretion by denying a new trial limited to punitive damages.
4. Whether the Bolls were entitled to attorney fees from State Farm's subrogation recovery under the equitable common fund doctrine.
5. Whether the Bolls were the prevailing party entitled to costs as a matter of right under Idaho Rule of Civil Procedure 54(d)(1)(B).
6. Whether either party was entitled to attorney fees on appeal.

HOLDINGS

1. The district court properly denied the Bolls' motion for judgment notwithstanding the verdict because substantial and competent evidence supported the jury's finding that State Farm did not breach the implied covenant of good faith and fair dealing.
2. The district court did not err in refusing the Bolls' requested additional instructions because, considered as a whole, the instructions fairly and adequately presented the issues and stated the applicable law.
3. The district court did not abuse its discretion in denying a new trial limited to punitive damages.
4. The Bolls were entitled to a proportionate share of attorney fees and collection expenses from State Farm's subrogation recovery because State Farm received timely notice of the Bolls' effort and obtained an actual benefit from that effort.
5. The district court did not abuse its discretion by determining that the Bolls were the prevailing party and awarding them costs as a matter of right.
6. Neither party was awarded attorney fees on appeal.

KEY QUOTATIONS

“Therefore, SFM is required to pay its share of attorney expenses for recovery of its subrogated interest if SFM has been put on notice that the Bolls intended to pursue their claim and if the efforts of the Bolls or their attorney resulted in an actual benefit to SFM.” (1089)

“Because this Court affirms the district court, both parties prevailed in part as the respondent to the other party's appeal but did not prevail in their respective appeal in chief. Therefore, neither party is awarded attorney fees.” (1092)

FACTUAL BACKGROUND

State Farm paid \$11,868.81 in medical expenses incurred by the Bolls and their children after an automobile accident and notified the Bolls and their attorneys of its subrogation rights. The Bolls pursued settlement claims against the other driver's insurer, Safeco, and requested that the entire settlement, including State Farm's subrogation interest, be issued in one joint draft. State Farm initially refused to endorse the draft, prompting the Bolls to sue, but later endorsed it. The district court awarded the Bolls \$3,956.26 in collection expenses under the common fund doctrine because their efforts resulted in recovery of State Farm's subrogation interest.

PROCEDURAL HISTORY

After an automobile accident, State Farm paid the Bolls' medical expenses and asserted a subrogation interest. The Bolls later settled their claims against the tortfeasor's insurer in a single draft that included State Farm's subrogation claim, sued State Farm after it initially refused to endorse the draft, and sought contract damages, common-fund recovery, and punitive damages. A jury rejected the claims, but the district court awarded the Bolls \$3,956.26 in collection expenses under the equitable common fund doctrine, denied their post-trial motions, awarded them costs as a matter of right, and denied attorney fees to both sides. The Idaho Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- Ricketts v. E. Idaho Equip., Co., Inc., 137 Idaho 578, 51 P.3d 392 (2002)
- Griff, Inc. v. Curry Bean Co., Inc., 138 Idaho 315, 63 P.3d 441 (2003)
- Silver Creek Computers, Inc. v. Petra, Inc., 136 Idaho 879, 42 P.3d 672 (2002)
- Pratton v. Gage, 122 Idaho 848, 840 P.2d 392 (1992)
- Leazer v. Kiefer, 120 Idaho 902, 821 P.2d 957 (1991)
- Watson v. Navistar Intern. Transp. Corp., 121 Idaho 643, 827 P.2d 656 (1992)
- Burgess v. Salmon River Canal Co., Ltd., 127 Idaho 565, 903 P.2d 730 (1995)
- State v. Ransom, 137 Idaho 560, 50 P.3d 1055 (2002)
- Shane v. Blair, 139 Idaho 126, 75 P.3d 180 (2003)

- *Payne v. Wallace*, 136 Idaho 303, 32 P.3d 695 (2001)
- *Cheney v. Palos Verdes Inv. Corp.*, 104 Idaho 897, 665 P.2d 661 (1983)
- *Cedarholm v. State Farm Mut. Ins. Companies*, 81 Idaho 136, 338 P.2d 93 (1959)
- *Miner v. Farmers Ins. Co. of Idaho*, 116 Idaho 656, 778 P.2d 778 (1989)
- *Wensman v. Farmers Ins. Co. of Idaho*, 134 Idaho 148, 997 P.2d 609 (2000)
- *Williamson v. City of McCall*, 135 Idaho 452, 19 P.3d 766 (2001)
- *Farm Credit Bank of Spokane v. Wissel*, 122 Idaho 565, 836 P.2d 511 (1992)
- *Sun Valley Shopping Center, Inc. v. Idaho Power*, 119 Idaho 87, 803 P.2d 993 (1991)
- *U.S. Nat'l Bank of Oregon v. Cox*, 126 Idaho 733, 889 P.2d 1123 (Ct. App. 1995)

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