

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Starr Indemnity & Liability Company v. Chart Industries, Inc.

Starr Indemnity v. Chart Industries · No. 22-cv-03484-HSG · Decided March 3, 2023

SUMMARY

The United States District Court for the Northern District of California granted Chart Industries, Inc.’s motion to dismiss Starr Indemnity & Liability Company’s declaratory judgment action concerning Starr’s alleged duty to indemnify Chart in litigation arising from the Pacific Fertility Center freezer failure. The court held that Starr’s complaint did not establish a ripe, justiciable controversy because liability and damages in the underlying litigation had not been determined. The dismissal was without prejudice, with leave to amend within 21 days.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Haywood S. Gilliam, Jr.
JURISDICTION	United States District Court for the Northern District of California
DECIDED	March 3, 2023
DOCKET	22-cv-03484-HSG
DISPOSITION	dismissed
PROCEDURAL POSTURE	Plaintiff brought a federal declaratory-judgment action concerning an excess insurer's duty to indemnify. Defendant moved to dismiss under Federal Rule of Civil Procedure 12(b)(1), or alternatively to stay or transfer the action.
STANDARD OF REVIEW	On a facial Rule 12(b)(1) jurisdictional attack, the court confines its inquiry to the complaint's allegations, accepts those allegations as true, and draws all reasonable inferences in the plaintiff's favor, applying a standard comparable to Rule 12(b)(6).
PRECEDENTIAL VALUE	Unknown; federal district court order

TOPICS

- declaratory relief insurance
- duty to indemnify
- subject matter jurisdiction
- standing
- motions to dismiss

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether Starr's declaratory-judgment claim concerning its duty to indemnify Chart was ripe under Article III while the underlying Pacific Fertility Center litigation remained unresolved.
2. Whether the complaint adequately alleged a concrete and actual or imminent injury sufficient to establish subject-matter jurisdiction.
3. Whether the court should dismiss, stay, or transfer the action.

HOLDINGS

1. The complaint did not allege facts establishing a ripe Article III case or controversy concerning Starr's duty to indemnify because liability and damages in the underlying litigation had not been determined and the complaint did not identify allegations showing that Starr's policy would be implicated.
2. Because Chart's challenge was treated as a facial attack under Rule 12(b)(1), the court was required to evaluate jurisdiction from the complaint's allegations rather than outside evidence.

KEY QUOTATIONS

“Generally, the duty to indemnify only arises after damages in the underlying actions are fixed.” (at 2)

“In a facial attack, the challenger asserts that the allegations contained in a complaint are insufficient on their face to invoke federal jurisdiction.” (at 4)

FACTUAL BACKGROUND

The underlying Pacific Fertility Center litigation arose from a March 2018 accident in which a freezer tank manufactured by Chart allegedly failed, destroying stored eggs and embryos. Claims by affected fertility-treatment patients remained pending or stayed pending appeal, and Chart's liability and the amount of any damages had not been finally determined. Starr sought a declaration concerning its obligations under an excess liability policy providing coverage above \$100 million in underlying insurance, while Chart had demanded that Starr make its policy limits available for settlement.

PROCEDURAL HISTORY

Starr filed an action seeking a declaration regarding whether it would ultimately have a duty to indemnify Chart for claims arising from the Pacific Fertility Center litigation. Chart moved to dismiss, arguing that the duty-to-indemnify issue was not ripe because the underlying litigation and liability determinations remained unresolved. The court granted the motion to dismiss based on the face of the complaint, allowed amendment within 21 days, denied without prejudice an administrative motion concerning applicable law, and directed the parties to file a status report.

DISPOSITION

dismissed

CASES CITED

- Bishop Paiute Tribe v. Inyo County, 863 F.3d 1144, 1153 (9th Cir. 2017)
- Lujan v. Defenders of Wildlife, 504 U.S. 555, 560 (1992)
- Certain Underwriters at Lloyd's of London v. Superior Court, 24 Cal. 4th 945, 958 (2001)
- National Trust Insurance Co. v. Finishing Dynamics, LLC, No. 1:18-CV-0351-AT, 2018 WL 8949791, at *5 (N.D. Ga. Sept. 18, 2018)
- ALEA London Ltd. v. Woodcock, 649 S.E.2d 740, 746 (Ga. Ct. App. 2007)
- American States Insurance Co. v. Kearns, 15 F.3d 142, 144 (9th Cir. 1994)
- Safe Air for Everyone v. Meyer, 373 F.3d 1035, 1039 (9th Cir. 2004)
- Savage v. Glendale Union High School, District No. 205, Maricopa County, 343 F.3d 1036, 1039 n.2 (9th Cir. 2003)
- Leite v. Crane Co., 749 F.3d 1117, 1121 (9th Cir. 2014)
- NewGen, LLC v. Safe Cig, LLC, 840 F.3d 606, 614 (9th Cir. 2016)
- Chart Industries, Inc. v. Starr Indemnity & Liability Company, Case No. 22-cv-02395-LMM (N.D. Ga.)
- E. v. Pacific Fertility Center, Case No. 18-cv-01586-JSC (N.D. Cal.)
- A.B. v. Chart, Inc., Case No. 21-17016 (9th Cir.)