UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OKLAHOMA

Nathaniel Keely; Anita Keely v. State Farm Fire and Casualty Company; David Merriman Insurance Agency, Inc.; David Merriman

No. 25-cv-663-JDR-MTS · No. No. 25-cv-663-JDR-MTS · Decided June 15, 2026

SUMMARY

The United States District Court for the Northern District of Oklahoma denied the Keelys' motion to remand their insurance dispute to state court. The court held that the insurance agent and agency were fraudulently joined because the plaintiffs lacked colorable claims against them under Oklahoma law, leaving complete diversity between the plaintiffs and State Farm.

CASE DETAILS

COURT	United States District Court for the Northern District of Oklahoma
WRITING FOR THE COURT	John D. Russell
JURISDICTION	United States District Court for the Northern District of Oklahoma
DECIDED	June 15, 2026
DOCKET	No. 25-cv-663-JDR-MTS
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs moved to remand a removed insurance action to Oklahoma state court, arguing that the nondiverse insurance agent and agency were not fraudulently joined.
STANDARD OF REVIEW	For purposes of a motion to remand, the court accepted the well-pleaded allegations as true and examined whether the claims against the nondiverse defendants were colorable under Oklahoma law.
PRECEDENTIAL VALUE	Unpublished federal district court opinion; precedential status unknown.
PARTIES	Nathaniel Keely, Anita Keely v. State Farm Fire and Casualty Company, David Merriman Insurance Agency, Inc., David Merriman

TOPICS

subject matter jurisdiction insurance coverage insurance fraud civil procedure

PRACTICE AREAS

Civil procedure Insurance Contracts Torts

QUESTIONS PRESENTED

1. Whether David Merriman and the David Merriman Insurance Agency were fraudulently joined because the Keelys lacked a viable claim against them under Oklahoma law.
2. Whether, after disregarding the citizenship of the allegedly fraudulently joined defendants, complete diversity existed to support federal jurisdiction under 28 U.S.C. § 1332.
3. Whether the Keelys' motion to remand should be granted.

HOLDINGS

1. The Keelys did not state a colorable claim under Oklahoma law against the insurance agent or agency for breach of contract or negligent procurement where the defendants procured the precise replacement-cost policy the Keelys requested, despite the policy's later failure to cover some or all of the claimed losses.
2. The Keelys did not state a viable fraud claim against the agent or agency because they did not identify losses caused by the alleged representations rather than by State Farm's refusal to honor the policy.
3. The court had diversity jurisdiction because Merriman and the agency were fraudulently joined and, after their citizenship was disregarded, complete diversity existed between the Keelys and State Farm.

KEY QUOTATIONS

> *"The Keelys do not have a viable claim against Mr. Merriman or the Agency."*

> *"The Court finds that Mr. Merriman and the Agency are fraudulently joined, and the Court denies the Keelys' motion to remand."*

FACTUAL BACKGROUND

The Keelys purchased a replacement-cost homeowners insurance policy from State Farm through David Merriman and the David Merriman Insurance Agency. After a tornado struck their Oklahoma home in May 2025, State Farm concluded that the significant damage resulted from preexisting conditions, defective construction or materials, or wear and tear rather than wind forces. The Keelys alleged that the agent and agency breached contractual and procurement duties and committed fraud by failing to ensure that the policy adequately covered repair or replacement of the home, but the court found that they had procured the precise policy the Keelys requested.

PROCEDURAL HISTORY

The Keelys sued State Farm, David Merriman, and the David Merriman Insurance Agency in Oklahoma state court after State Farm denied coverage for tornado-related damage. State Farm removed on the basis of diversity jurisdiction, asserting that Merriman and the agency were fraudulently joined. The federal court denied the motion to remand, disregarded the citizenship of the allegedly fraudulently joined defendants, and retained jurisdiction over the claims against State Farm.

DISPOSITION

other

CASES CITED

- Flowers v. EZPawn Oklahoma, Inc., 307 F. Supp. 2d 1191, 1206 (N.D. Okla.)
- Layer v. State Farm Fire & Cas. Co., No. 25-cv-401-JDR-MTS, 2026 WL 265805 (N.D. Okla. Feb. 2, 2026)
- Dutcher v. Matheson, 733 F.3d 980, 987 (10th Cir. 2013)

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