UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF ILLINOIS, PEORIA DIVISION

David Merkle v. TravCo Insurance Company

Merkle · No. 2:25-cv-2333 · Decided March 23, 2026

SUMMARY

The court grants in part and denies in part TravCo Insurance Company's motion to dismiss claims arising from the denial of David Merkle's alleged fire-loss insurance claim. The court allows the Illinois Insurance Code section 155 bad-faith claim to proceed because the allegations regarding the investigation and 41-month delay plausibly support vexatious and unreasonable conduct. The court dismisses with prejudice the section 154.6 claim because that provision does not create a private right of action.

CASE DETAILS

COURT	United States District Court for the Central District of Illinois, Peoria Division
WRITING FOR THE COURT	Jonathan E. Hawley
JURISDICTION	United States District Court for the Central District of Illinois, Peoria Division
DECIDED	March 23, 2026
DOCKET	2:25-cv-2333
DISPOSITION	other
PROCEDURAL POSTURE	Defendant moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss the plaintiff's statutory insurance claims, Counts Two and Three, in a removed diversity action.
STANDARD OF REVIEW	On a motion to dismiss, the court accepts well-pleaded factual allegations as true and determines whether they plausibly state a claim. The court may not resolve fact-dependent questions concerning whether an insurer's conduct was vexatious and unreasonable on the pleadings alone.
PRECEDENTIAL VALUE	unpublished, nonprecedential district court order
PARTIES	David Merkle v. TravCo Insurance Company

TOPICS

insurance bad faith | insurance coverage | motions to dismiss | civil procedure | damages

PRACTICE AREAS

insurance | insurance bad faith | civil procedure

QUESTIONS PRESENTED

1. Whether the complaint plausibly alleged that TravCo's handling and denial of the insurance claim was vexatious and unreasonable under 215 ILCS 5/155.
2. Whether 215 ILCS 5/154.6 creates a private right of action for an insured against an insurer.

HOLDINGS

1. The complaint plausibly stated a Section 155 claim because its allegations concerning the insurer's repeated investigative demands and approximately forty-one-month delay were sufficient, at the pleading stage, to allege vexatious and unreasonable conduct causing undue delay.
2. Section 154.6 of the Illinois Insurance Code does not create a private cause of action for a policyholder against an insurer; the claim under that provision was therefore dismissed with prejudice.

KEY QUOTATIONS

> *"But at this stage, accepting as true the Plaintiff's factual allegations, he has plausibly alleged that the Defendant's conduct was vexatious and unreasonable and caused undue delay; he therefore states a claim under Section 155."* (Section III)

> *"Accordingly, because Illinois and this Circuit do not recognize a private cause of action under Section 154.6, Count Three is dismissed with prejudice."* (Section III)

FACTUAL BACKGROUND

The plaintiff alleged that his insurance policy began on November 3, 2020, the same day he suffered a fire loss involving personal property and buildings. He alleged that he promptly notified TravCo and submitted a claim, but TravCo denied the claim without a reasonable investigation and without acting in good faith. He further alleged that TravCo required multiple statements, sworn statements, examinations under oath, and updated proofs of loss, while delaying adjustment of the claim for approximately forty-one months.

PROCEDURAL HISTORY

Merkle filed a three-count complaint in state court alleging breach of contract, bad-faith denial of an insurance claim under 215 ILCS 5/155, and violations of 215 ILCS 5/154.6. TravCo removed the action to federal court based on diversity jurisdiction and moved to dismiss Counts Two and Three. The plaintiff did not timely respond. The court denied dismissal of Count Two, granted dismissal with prejudice as to Count Three, and allowed Counts One and Two to proceed.

DISPOSITION

other

CASES CITED

- Souza v. Erie Ins. Co., No. 22-CV-3744, 2023 WL 4762712, at *5 (N.D. Ill. July 25, 2023)
- Citizens First Nat'l Bank of Princeton v. Cincinnati Ins. Co., 200 F.3d 1102, 1110 (7th Cir. 1999)
- W. Wind Express v. Occidental Fire & Cas. Co. of North Carolina, No. 10-CV-6263, 2013 WL 2285799, at *4 (N.D. Ill. May 23, 2013)
- Wheeler v. Assurant Specialty Prop., 125 F. Supp. 3d 834, 841 (N.D. Ill. 2015)
- Strategic Cap. Bancorp, Inc. v. St. Paul Mercury Ins. Co., No. 10-CV-2062, 2014 WL 562970, at *6 (C.D. Ill. Feb. 13, 2014)
- A Plus Carwash LLC v. State Auto Prop. & Cas. Ins. Co., No. 24-CV-03024, 2024 WL 4786165, at *7 (C.D. Ill. Aug. 27, 2024)
- Call One Inc. v. Berkley Ins. Co., 587 F. Supp. 3d 706, 721 (N.D. Ill. 2022)
- Bernacchi v. First Chicago Ins. Co., 52 F.4th 324, 330 (7th Cir. 2022)
- Am. Serv. Ins. Co. v. Passarelli, 323 Ill. App. 3d 587, 590 (2001)
- Hopkins v. White, No. 05-3231, 2006 WL 8443523, at *3 (C.D. Ill. Mar. 28, 2006)
- Area Erectors, Inc. v. Travelers Prop. Cas. Co. of Am., 981 N.E.2d 1120, 1127 (Ill. App. Ct. 2012)