SUPREME COURT OF LOUISIANA

Taranto v. La. Citizens Prop. Ins. Corp.

62 So. 3d 721 (La. 2011) · No. 2010-C-0105 · Decided March 15, 2011

SUMMARY

The Louisiana Supreme Court addresses whether the plaintiffs' Hurricane Katrina insurance claims were prescribed under a one-year suit limitation in their policy. The court holds that the filing of timely class actions suspended liberative prescription under Louisiana Code of Civil Procedure article 596, making the plaintiffs' individual lawsuit timely. The court distinguishes contractual limitations from legislatively established prescription periods and concludes that the policy limitation remained subject to prescription-suspension rules.

CASE DETAILS

COURT	Supreme Court of Louisiana
WRITING FOR THE COURT	Johnson, Justice; Johnson; Guidry; Knoll; Victory; Weimer; Clark; Ciaccio, Justice ad hoc
JURISDICTION	Louisiana
DECIDED	March 15, 2011
DOCKET	2010-C-0105
DISPOSITION	affirmed
PROCEDURAL POSTURE	The Louisiana Supreme Court granted the insurer's writ application to review the Fourth Circuit's reversal of a trial-court judgment sustaining an exception of prescription and dismissing the plaintiffs' Hurricane Katrina insurance claims with prejudice.
STANDARD OF REVIEW	On review of a peremptory exception of prescription, the appellate court determines whether the trial court's factual finding was manifestly erroneous. Prescription statutes are strictly construed against prescription and in favor of the obligation sought to be extinguished.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Sherry Coleman Taranto, Dean Coleman, William S. Coleman, Jr. v. Louisiana Citizens Property Insurance Corporation d/b/a Louisiana Citizens Coastal Plan

TOPICS

insurance coverage · class actions · statute of limitations · appellate procedure

PRACTICE AREAS

insurance law · civil procedure · contracts · appellate procedure

QUESTIONS PRESENTED

1. Whether the one-year suit limitation in the insurance policy was a liberative prescriptive period subject to suspension under Louisiana Code of Civil Procedure article 596.
2. Whether the timely filing of the Buxton and Chalona class actions suspended prescription for the plaintiffs as putative class members.
3. Whether Acts 2006, Nos. 739 and 802 established a peremptive deadline that could not be suspended by a class action.
4. Whether the plaintiffs' June 27, 2008 lawsuit was timely.

HOLDINGS

1. The one-year suit limitation in the insurance policy was a prescriptive period imposed or authorized by law and therefore remained subject to the general rules governing liberative prescription, including suspension under Louisiana Code of Civil Procedure article 596.
2. Filing a lawsuit designated as a class action under Louisiana Code of Civil Procedure article 591 suspends prescription for all members of the putative class until the district court rules on class certification or otherwise provides notice that the class has been restricted or redefined.
3. Acts 2006, Nos. 739 and 802 did not establish a peremptive period; their statutory deadlines remained subject to suspension under article 596 when the class actions were timely filed.
4. The plaintiffs' suit was timely because the Buxton and Chalona class actions suspended prescription, and the plaintiffs filed within the remaining prescriptive period after notice of their exclusion from the Chalona class.

KEY QUOTATIONS

> *"For the reasons that follow, we hold that despite the language of the LCPIC insurance policy, which mandated a one year suit limitation, the Plaintiffs' lawsuit was timely filed because prescription was suspended upon the timely filing of the pending class action suits, which included the Plaintiffs as putative class members."* (724)

> *"Therefore, as a one-year prescriptive period prescribed by law, the time limitation set forth in the policy is subject to the procedural rules of suspension of prescription."* (732)

> *"We reiterate that a peremptive period cannot be renounced, interrupted or suspended."* (735)

FACTUAL BACKGROUND

Hurricane Katrina completely destroyed the plaintiffs' insured home on August 29, 2005. The plaintiffs submitted proof of loss and demanded payment from Louisiana Citizens, which allegedly refused to pay the policy limits. The policy contained a one-year suit limitation, Louisiana enacted extensions for certain Hurricane Katrina claims, and Louisiana Citizens separately extended its deadline to September 4, 2007. The plaintiffs filed suit on June 27, 2008, after timely class actions had been filed that included them within the putative classes.

PROCEDURAL HISTORY

The trial court sustained Louisiana Citizens' exception of prescription, finding that the plaintiffs filed outside the policy's one-year suit limitation and the statutory extensions. The Fourth Circuit reversed, holding that timely filed class actions suspended prescription for the plaintiffs as putative class members. The Louisiana Supreme Court affirmed the court of appeal.

DISPOSITION

affirmed

CASES CITED

- Taranto v. Louisiana Citizens Property Ins. Corp., 28 So. 3d 543 (La. App. 4 Cir. 2009)
- Carter v. Haygood, 892 So. 2d 1261 (La. 2005)
- Bailey v. Khoury, 891 So. 2d 1268 (La. 2005)
- Cichirillo v. Avondale Industries, Inc., 917 So. 2d 424 (La. 2005)
- Katz v. Allstate Insurance Co., 917 So. 2d 443 (La. App. 4 Cir. 2005)
- Lila, Inc. v. Underwriters at Lloyd's, London, 994 So. 2d 139 (La. App. 4 Cir. 2008)
- Pitts v. Louisiana Citizens Property Ins. Corp., 4 So. 3d 107 (La. App. 4 Cir. 2009)
- American Pipe & Construction Co. v. Utah, 414 U.S. 538 (1974)
- Williams v. State, 350 So. 2d 131 (La. 1977)
- E.L. Burns Co. v. Cashio, 302 So. 2d 297 (La. 1974)
- Tracy v. Queen City Fire Ins. Co., 132 La. 610, 61 So. 687 (1913)
- State v. All Property and Casualty Insurance Carriers, 937 So. 2d 313 (La. 2006)
- Naghi v. Brener, 17 So. 3d 919 (La. 2009)
- Guillory v. Avoyelles Ry. Co., 104 La. 11, 28 So. 899 (1900)