UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO

Cara Mulson v. USAA Casualty Insurance Company

Mulson · No. 24-cv-01561-RMR-KAS · Decided December 9, 2025

SUMMARY

In this recommendation, the United States Magistrate Judge addresses Plaintiff Cara Mulson's amended motion for default judgment against USAA Casualty Insurance Company in an insurance-coverage dispute. The court recommends entering default judgment on the breach-of-contract and Colorado insurance bad-faith claims, awarding $506,790.40 in damages and attorneys' fees, with court costs to be taxed separately and post-judgment interest at eight percent per annum. The recommendation permits objections within 14 days of service.

CASE DETAILS

COURT	United States District Court for the District of Colorado
WRITING FOR THE COURT	Kathryn A. Starnella
JURISDICTION	United States District Court for the District of Colorado
DECIDED	December 9, 2025
DOCKET	24-cv-01561-RMR-KAS
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff moved for entry of default and default judgment after the Clerk entered default against Defendant. The United States Magistrate Judge issued a recommendation that the amended motion be granted in part and denied without prejudice in part, with default judgment entered subject to specified damages, fees, costs, and interest.
STANDARD OF REVIEW	Entry of default judgment is discretionary, and a defaulting party admits well-pleaded factual allegations but not legal conclusions. The court must determine whether it has jurisdiction, whether default was properly entered, whether the pleadings state a valid claim, and whether damages are ascertainable. Damages may be determined without a hearing when they are liquidated or capable of mathematical calculation.
PRECEDENTIAL VALUE	unpublished recommendation; nonprecedential
PARTIES	Cara Mulson v. USAA Casualty Insurance Company

TOPICS

default judgment · default · insurance bad faith · breach of contract · attorney fees

PRACTICE AREAS

civil procedure · insurance · insurance bad faith · breach of contract · remedies

QUESTIONS PRESENTED

1. Whether default judgment should be entered after Defendant failed to plead or otherwise defend.
2. Whether Plaintiff established a valid breach-of-contract claim and a statutory claim under Colorado Revised Statutes §§ 10-3-1115 and 10-3-1116.
3. Whether Plaintiff's claimed insurance damages were ascertainable and supported by the policy and documentary evidence.
4. Whether Plaintiff was entitled to statutory double damages, attorney fees, court costs, and post-judgment interest.

HOLDINGS

1. The Court found that subject-matter jurisdiction, personal jurisdiction, proper entry of default, and sufficient allegations establishing liability were satisfied; default judgment was therefore appropriate as to liability, subject to ascertainment of damages.
2. Plaintiff sufficiently demonstrated entitlement to $8,854 for electrical code upgrades and $9,159.14 for damaged personal-property replacement, for total breach-of-contract damages of $18,013.14.
3. Plaintiff sufficiently demonstrated that Defendant unreasonably delayed or denied payment of covered benefits and was entitled to double the relevant benefits under Colorado Revised Statutes § 10-3-1116(1), producing $36,026.28 in doubled breach-of-contract damages and $417,824.48 for the doubled appraisal award.
4. The Court recommended awarding $34,926.50 in reasonable attorney fees and post-judgment interest at eight percent per annum, compounded annually, while denying without prejudice a specific cost award and directing that court costs be taxed under the local rule.

KEY QUOTATIONS

> *"A trial court has discretion to enter default judgment; a party is not entitled to it as of right."* (at 5)

> *"There must be a sufficient basis in the pleadings for the judgment entered."* (at 6)

> *"Default judgment cannot be entered against a party until the amount of damages has been ascertained."* (at 7)

> *"a person engaged in the business of insurance shall not unreasonably delay or deny payment of a claim for benefits owed to or on behalf of any first-party claimant."* (at 9)

FACTUAL BACKGROUND

Mulson insured her Parker, Colorado, home under a USAA homeowner's policy covering May 26, 2022, through May 26, 2023. After water damage occurred in April 2023, USAA accepted coverage and made partial payments based on its estimate, but declined to revise the estimate after Mulson's appraiser calculated higher replacement and actual cash values. Mulson supported her amended damages request with the policy, appraisal materials, affidavits, receipts, invoices, and billing records.

PROCEDURAL HISTORY

Mulson filed claims for breach of an insurance contract and violations of Colorado Revised Statutes §§ 10-3-1115 and 10-3-1116. After Defendant failed to answer or otherwise respond, the Clerk entered default. The Court previously recommended denying the original default-judgment motion without prejudice because damages were not adequately supported; Plaintiff then filed an amended motion with the policy and documentary evidence. The magistrate judge recommended partial relief and advised that objections could be filed under Federal Rule of Civil Procedure 72(b)(2).

DISPOSITION

other

REMAND INSTRUCTIONS

No remand was ordered. The recommendation directs that default judgment enter for Plaintiff, that court costs be taxed under D.C.COLO.LCivR 54.1, and that objections be filed within 14 days of service.

CASES CITED

- Purzel Video GmbH v. Martinez, 13 F. Supp. 3d 1140, 1148-49 (D. Colo. 2014)
- Bixler v. Foster, 596 F.3d 751, 762 (10th Cir. 2010)
- Nishimatsu Constr. Co. v. Houston Nat'l Bank, 515 F.2d 1200, 1206 (5th Cir. 1975)
- Topp v. Lone Tree Athletic Club, Inc., No. 13-cv-01645-WYD-KLM, 2014 WL 3509201, at *5-10 (D. Colo. July 15, 2014)
- Day v. Career Bldg. Acad., No. 18-cv-00837-RM-KMT, 2021 WL 1723777, at *2 (D. Colo. Mar. 18, 2021)
- Postnet Int'l Franchise Corp. v. Jones, No. 12-cv-03065-WYD, 2013 WL 5449855, at *1 (D. Colo. Sept. 30, 2013)
- Herzfeld v. Parker, 100 F.R.D. 770, 773 (D. Colo. 1984)
- Millman v. State Farm Fire & Cas. Co., No. 21-cv-00036-CMA-NYW, 2021 WL 3206308, at *3-4 (D. Colo. July 29, 2021)
- Myers v. Am. Mod. Prop. & Cas. Ins. Co., No. 22-cv-3222-WJM-MDB, 2024 WL 3963525, at *5 (D. Colo. July 30, 2024)
- Hartford Fire Ins. Co. v. TK Constr. US, LLC, No. 15-cv-01962-CMA-CBS, 2017 WL 5990064, at *3 (D. Colo. Mar. 1, 2017)
- Turner v. State Farm Mut. Auto. Ins. Co., No. 13-cv-01843-MSK-BNB, 2015 WL 1297844, at *3 (D. Colo. Mar. 19, 2015)

- Wahlert v. Am. Standard Ins. Co. of Wis., 173 F. Supp. 3d 1187, 1193 (D. Colo. 2016)
- Hensley v. Eckerhart, 461 U.S. 424, 433 (1983)
- Reg'l Dist. Council v. Mile High Rodbusters, Inc., 82 F. Supp. 3d 1235, 1245-46 (D. Colo. 2015)
- Phelps v. Hamilton, 120 F.3d 1126, 1131 (10th Cir. 1997)
- Dish Network, LLC v. Cyberworks Software, Inc., No. 10-cv-00211-PAB, 2012 WL 2033696, at *2 (D. Colo. June 6, 2012)
- Rockhill Ins. Co. v. CFI-Global Fisheries Mgmt., 591 F. Supp. 3d 1020, 1027-28 (D. Colo. 2021)
- Reich v. Am. Fam. Mut. Ins. Co., No. 14-cv-01482-KLM, 2016 WL 1258589, at *5 (D. Colo. Mar. 31, 2016)
- Spokas v. Am. Fam. Mut. Ins. Co., No. 12-cv-00380-WYD-KLM, 2015 WL 3948098, at *5 (D. Colo. June 26, 2015)
- Fairmount Fire Prot. Dist. v. Up In Smoke Custom Burning, Inc., No. 11-cv-03250-REB-KMT, 2012 WL 3839322, at *2 (D. Colo. Aug. 12, 2012)
- United States v. 2121 E. 30th St., 73 F.3d 1057, 1060 (10th Cir. 1996)
- Morales-Fernandez v. I.N.S., 418 F.3d 1116, 1119 (10th Cir. 2005)
