SUPREME COURT OF RHODE ISLAND

Richard Machado et al. v. Narragansett Bay Insurance Company

No. 2019-374-Appeal (PC 17-974) · No. No. 2019-374-Appeal (PC 17-974) · Decided June 17, 2021

SUMMARY

The Rhode Island Supreme Court affirmed summary judgment for Narragansett Bay Insurance Company in a dispute over the insureds' request for appraisal of water damage to their home. The Court held that the Machados' nearly two-year delay in requesting appraisal was unreasonable as a matter of law and relieved the insurer of its contractual appraisal obligations. The opinion distinguishes the appraisal requirement recognized in Hahn v. Allstate Insurance Co. when the dispute concerns only the amount or extent of loss.

CASE DETAILS

COURT	Supreme Court of Rhode Island
WRITING FOR THE COURT	Associate Justice William P. Robinson III; Chief Justice Suttell; Justice Goldberg; Justice Robinson; Justice Lynch Prata; Justice Long
JURISDICTION	Rhode Island
DECIDED	June 17, 2021
DOCKET	No. 2019-374-Appeal (PC 17-974)
DISPOSITION	affirmed
PROCEDURAL POSTURE	The plaintiffs appealed from a Superior Court judgment granting the insurer's motion for summary judgment in an action concerning their claimed right to invoke an appraisal provision in a homeowners insurance policy.
STANDARD OF REVIEW	The Supreme Court reviews a grant of summary judgment de novo. Summary judgment is proper when, viewing admissible evidence in the light most favorable to the nonmoving party, no genuine issue of material fact exists and the moving party is entitled to judgment as a matter of law. The party opposing summary judgment must prove by competent evidence that a disputed material fact exists and may not rely on allegations, denials, conclusions, or legal opinions.
PRECEDENTIAL VALUE	Published Rhode Island Supreme Court opinion; precedential value is subject to formal revision noted in the opinion.

PARTIES	Richard Machado, Susan Machado v. Narragansett Bay Insurance Company

TOPICS

insurance · contracts · summary judgment · contract interpretation · appellate procedure

PRACTICE AREAS

Insurance law · Contract law · Civil procedure · Appellate practice

QUESTIONS PRESENTED

1. Whether the Superior Court properly granted summary judgment to NBIC on the Machados' claim that they were entitled to invoke the insurance policy's appraisal provision.
2. Whether the Machados' delay of more than 600 days in requesting an appraisal was unreasonable and materially prejudiced NBIC, thereby relieving NBIC of its contractual obligations.
3. Whether the timeliness and waiver issues had to be submitted to the factfinder rather than resolved as a matter of law.

HOLDINGS

1. The Machados' delay of more than 600 days after the loss, despite receiving and depositing NBIC's payment and receiving notice concerning the policy's 180-day replacement-cost period, was unreasonable as a matter of law and materially prejudiced NBIC.
2. Summary judgment was proper because no genuine issue of material fact existed and the undisputed facts established that the Machados' delayed appraisal demand was unreasonable as a matter of law.
3. Although an insurance appraisal clause generally requires appraisal when coverage is not denied and the dispute concerns only the amount or extent of loss, the Machados' unreasonable delay materially breached their contractual obligations and relieved NBIC of its corresponding obligations.

KEY QUOTATIONS

> *"unless the insurer denies coverage for the claimed loss and if the dispute is limited to the amount or extent of the loss, the parties are required to submit to the appraisal process."* (at 7)

> *"Since it is clear to us that the facts as they exist in this case "admit[] of only one reasonable answer," Parker, 996 A.2d at 632—namely, that the Machados' delay in requesting the appraisal was unreasonable, thereby relieving NBIC of its contractual duties—we are of the opinion that this case was properly decided as a matter of law."* (at 9-10)

FACTUAL BACKGROUND

The Machados' Smithfield, Rhode Island home was insured by NBIC under a policy effective from January 5, 2015, through January 5, 2016. After reporting water damage caused by snow accumulation on the roof, they received and deposited a $14,549.78 check from NBIC, representing the insurer's estimated replacement cost less the deductible. More than twenty months later, and more than 600 days after the loss, the Machados requested an appraisal after obtaining an estimate indicating that the damage exceeded $130,000. NBIC rejected the request as untimely, and the Superior Court granted NBIC summary judgment.

PROCEDURAL HISTORY

The Machados filed a complaint in Providence County Superior Court alleging that NBIC breached the homeowners insurance policy by refusing to conduct an appraisal and provide additional compensation for water damage. After discovery, NBIC moved for summary judgment. The Superior Court granted the motion, concluding that the Machados' failure to demand appraisal timely was unreasonable and materially prejudiced NBIC. The Machados timely appealed, and the Rhode Island Supreme Court affirmed after a show-cause proceeding.

DISPOSITION

affirmed

CASES CITED

- Credit Union Central Falls v. Groff, 966 A.2d 1262, 1267 (R.I. 2009)
- Lucier v. Impact Recreation, Ltd., 864 A.2d 635, 638 (R.I. 2005)
- Hahn v. Allstate Insurance Co., 15 A.3d 1026, 1027, 1030 (R.I. 2011)
- Koziol v. Peerless Insurance Co., 41 A.3d 647, 650 (R.I. 2012)
- Parker v. Byrne, 996 A.2d 627, 632 (R.I. 2010)
- Empire Acquisition Group, LLC v. Atlantic Mortgage Co., Inc., 35 A.3d 878, 884 (R.I. 2012)
- Women's Development Corp. v. City of Central Falls, 764 A.2d 151, 158 (R.I. 2001)