

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA

Penn-Star Insurance Company v. Torres Farm Labor Contractor,
Inc.

Penn-Star · No. 1:25-cv-01126-JLT-CDB · Decided January 9, 2026

SUMMARY

These Findings and Recommendations recommend granting Penn-Star Insurance Company’s unopposed motion for default judgment against Torres Farm Labor Contractor, Inc. The court concludes that it has diversity jurisdiction, service was adequate, and the Eitel factors support default judgment. It recommends declaring that Penn-Star owes no duty to defend or indemnify Torres in the underlying Kern County action and directing the Clerk to close the case.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	January 9, 2026
DOCKET	1:25-cv-01126-JLT-CDB
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff sought default judgment under Federal Rule of Civil Procedure 55(b)(2) in an insurance-coverage declaratory-judgment action. The magistrate judge issued findings and recommendations recommending that the unopposed motion be granted; the recommendations were subject to a 14-day objection period and review by the assigned district judge.
STANDARD OF REVIEW	A motion for default judgment under Federal Rule of Civil Procedure 55(b)(2) is committed to the district court’s discretion and is evaluated under the seven Eitel factors. Before entering judgment, the court must determine that service was adequate, the complaint is well pleaded, and the requested relief is legally sufficient.
PRECEDENTIAL VALUE	nonprecedential
PARTIES	Penn-Star Insurance Company v. Torres Farm Labor Contractor, Inc.

TOPICS

insurance coverage

duty to defend

duty to indemnify

declaratory judgment

default judgment

PRACTICE AREAS

insurance

civil procedure

commercial litigation

remedies

QUESTIONS PRESENTED

1. Whether service of process on Torres was adequate.
2. Whether the Eitel factors supported entry of default judgment.
3. Whether Penn-Star's well-pleaded allegations established an entitlement to declaratory relief that it owed Torres no duty to defend or indemnify in the underlying Ramirez action.
4. Whether the requested declaratory relief was legally sufficient under 28 U.S.C. § 2201.

HOLDINGS

1. Service was adequate because Torres's counsel executed and returned a waiver of service, satisfying Federal Rule of Civil Procedure 4(d)(4).
2. Default judgment was warranted because the Eitel factors favored entry of judgment and Torres knowingly declined to defend or oppose the motion.
3. Penn-Star was entitled to a declaration that it owed Torres no duty to defend or indemnify it for the claims asserted in the underlying Ramirez action.

KEY QUOTATIONS

“default judgments are ordinarily disfavored” (at 3)

“Cases should be decided upon their merits whenever reasonably possible.” (at 3)

“The two principal criteria guiding the policy in favor of rendering declaratory judgments are (1) when the judgment will serve a useful purpose in clarifying and settling the legal relations in issue, and (2) when it will terminate and afford relief from the uncertainty, insecurity, and controversy giving rise to the proceeding.” (at 8)

FACTUAL BACKGROUND

Penn-Star issued Torres a commercial general liability policy providing coverage for qualifying bodily injury and property damage, subject to policy exclusions. The underlying action arose from a December 22, 2020, collision involving a tractor operated by a laborer supplied by Torres to Grimmway Enterprises and a Nissan Titan driven by Kevin Ramirez; Ramirez and passengers sued in Kern County Superior Court, later adding Torres as a defendant. Penn-Star initially defended Torres under a reservation of rights, then withdrew and disclaimed coverage based on the policy's Auto Exclusion. Torres later asserted that the withdrawal was legally mistaken and that Penn-Star should be liable for more than the policy limits.

PROCEDURAL HISTORY

Penn-Star filed this diversity action seeking declarations that it owed Torres no duty to defend or indemnify it in an underlying state-court automobile-accident action. Torres waived service, failed to file a responsive pleading, and had its default entered by the Clerk. Torres later filed a statement of non-opposition to Penn-Star's motion for default judgment. The magistrate judge recommended entry of default judgment and closure of the case, subject to district-judge review under 28 U.S.C. § 636(b)(1)(C).

DISPOSITION

other

REMAND INSTRUCTIONS

No remand was ordered. The magistrate judge recommended that the assigned district judge grant the motion, enter default judgment declaring that Penn-Star owes no duty to defend or indemnify Torres in the underlying Ramirez action, and direct the Clerk to close the case.

CASES CITED

- Eitel v. McCool, 782 F.2d 1470 (9th Cir. 1986)
- NewGen, LLC v. Safe Cig, LLC, 840 F.3d 606, 616 (9th Cir. 2016)
- Geddes v. United Fin. Grp., 559 F.2d 557, 560 (9th Cir. 1977) (per curiam)
- United States v. Cathcart, No. C 07-4762-PJH, 2010 WL 1048829, at *4 (N.D. Cal. Feb. 12, 2010)
- Nishimatsu Constr. Co. v. Houston Nat'l Bank, 515 F.2d 1200, 1206 (5th Cir. 1975)
- DirecTV, Inc. v. Hoa Huynh, 503 F.3d 847, 854 (9th Cir. 2007)
- Danning v. Lavine, 572 F.2d 1386, 1388 (9th Cir. 1978)
- Aldabe v. Aldabe, 616 F.2d 1089, 1092-93 (9th Cir. 1980)
- TeleVideo Sys., Inc. v. Heidenthal, 826 F.2d 915, 917-18 (9th Cir. 1987)
- Craigslist, Inc. v. Naturemarket, Inc., 694 F. Supp. 2d 1039, 1055 (N.D. Cal. 2010)
- PepsiCo, Inc. v. California Security Cans, 238 F. Supp. 2d 1172, 1176-77 (C.D. Cal. 2002)
- Landstar Ranger, Inc. v. Parth Enters., Inc., 725 F. Supp. 2d 916, 920-22 (C.D. Cal. 2010)
- Cripps v. Life Ins. Co. of N. Am., 980 F.2d 1261, 1267 (9th Cir. 1992)
- McGraw-Edison Co. v. Preformed Line Prods. Co., 362 F.2d 339, 342 (9th Cir. 1966)
- Taiwan C.R. Litig. Org. v. Kuomintang Bus. Mgmt. Comm., No. C 10-0362 VRW, 2011 WL 13376927, at *4 (N.D. Cal. Jan. 18, 2011)
- Philadelphia Indem. Ins. Co. v. United Revolver Club of Sacramento, Inc., No. 2:18-cv-2960-KJM-DB, 2020 WL 773419, at *3 (E.D. Cal. Feb. 18, 2020)
- Kemper Indep. Ins. Co. v. Boyer, No. 2:22-cv-1458-MCE-DB, 2023 WL 4014658, at *3 (E.D. Cal. June 15, 2023)
- Aspen Ins. UK Ltd. v. Killarney Const. Co., Inc., 2012 WL 1831498, at *2 (N.D. Cal. May 18, 2012)
- Elektra Entm't Group Inc. v. Crawford, 226 F.R.D. 388, 393 (C.D. Cal. 2005)
- Phillip Morris USA, Inc. v. Castworld Productions, 219 F.R.D. 494, 500 (C.D. Cal. 2003)

- *Pena v. Seguros La Comercial, S.A.*, 770 F.2d 811, 814 (9th Cir. 1985)
- *United States v. Summer*, 226 F.3d 1005, 1009 (9th Cir. 2000)
- *Caterpillar Inc. v. Lewis*, 519 U.S. 61, 67-68 (1996)
- *Lowdermilk v. U.S. Bank Nat'l Ass'n*, 479 F.3d 994, 998-1000 (9th Cir. 2007)
- *Atain Specialty Ins. Co. v. Szetela*, No. 2:14-cv-2991-KJM-KJN, 2016 WL 3354344, at *4-5 (E.D. Cal. June 16, 2016)
- *Wilkerson v. Wheeler*, 772 F.3d 834, 839 (9th Cir. 2014)

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