UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLORADO

Claudio De Castro and Dulce S. De Castro v. State Farm Fire and Casualty Company

De Castro v. State Farm · No. 25-cv-00535-PAB-CYC · Decided March 13, 2026

SUMMARY

The United States District Court for the District of Colorado rules on State Farm's motion to dismiss an amended complaint arising from hail and water damage insurance claims. The court allows the breach-of-contract and bad-faith claims concerning the hail damage to proceed, but dismisses without prejudice the water-damage breach-of-contract claim and the related statutory and common-law bad-faith claims.

CASE DETAILS

COURT	United States District Court for the District of Colorado
WRITING FOR THE COURT	Philip A. Brimmer
JURISDICTION	United States District Court for the District of Colorado
DECIDED	March 13, 2026
DOCKET	25-cv-00535-PAB-CYC
DISPOSITION	other
PROCEDURAL POSTURE	Defendant moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss plaintiffs' amended complaint asserting breach of insurance contract, statutory unreasonable delay or denial of benefits, and common-law bad faith.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true and determines whether they plausibly show an entitlement to relief. Conclusory allegations, unwarranted inferences, and legal conclusions are not accepted as true. Documents outside the pleadings generally may not be considered unless they are referenced in the complaint, central to the claims, and authentic and undisputed.
PRECEDENTIAL VALUE	nonprecedential
PARTIES	Claudio De Castro, Dulce S. De Castro v. State Farm Fire and Casualty Company

TOPICS

motions to dismiss | insurance coverage | insurance bad faith | breach of contract | civil procedure

PRACTICE AREAS

insurance coverage | insurance bad faith | breach of contract | civil procedure | pleadings

QUESTIONS PRESENTED

1. Whether the amended complaint plausibly stated a breach-of-contract claim concerning the hail-damage loss.
2. Whether the amended complaint plausibly stated a breach-of-contract claim concerning the water-damage loss.
3. Whether the amended complaint plausibly stated statutory and common-law bad-faith claims concerning the hail-damage loss.
4. Whether the amended complaint plausibly stated statutory and common-law bad-faith claims concerning the water-damage loss.
5. Whether plaintiffs were entitled to leave to amend based solely on a request included in their response to the motion to dismiss.

HOLDINGS

1. The amended complaint plausibly alleged a breach-of-contract claim for the hail damage because it alleged the existence of an insurance policy covering accidental direct physical loss caused by hail, plaintiffs' performance, State Farm's failure to pay covered damage, and resulting damages.
2. The amended complaint failed to plausibly allege a breach-of-contract claim for the water damage.
3. The amended complaint plausibly stated a statutory claim for unreasonable delay or denial of insurance benefits concerning the hail damage.
4. The amended complaint failed to state a statutory bad-faith claim concerning the water damage.
5. The amended complaint plausibly stated a common-law bad-faith claim concerning the hail damage.
6. The amended complaint failed to state a common-law bad-faith claim concerning the water damage.
7. The court denied plaintiffs' request for leave to amend because it was included in their response rather than presented in a formal motion with a proposed amended pleading as required by the Federal Rules and local rules.

KEY QUOTATIONS

> *"To survive a motion to dismiss under Rule 12(b)(6) of the Federal Rules of Civil Procedure, a complaint must allege enough factual matter that, taken as true, makes the plaintiff's "claim to relief . . . plausible on its face.""* (Section II)

> *"Ignoring widespread hail damage without explaining why it is not covered under the Policy constitutes a plausible allegation that defendant denied plaintiffs' claims without a reasonable basis."* (Section III.B)

> *"Accordingly, requesting leave to amend in a response to a motion to dismiss is improper, and the Court will deny the request."* (Section III.D)

FACTUAL BACKGROUND

Plaintiffs owned a Colorado property insured under a State Farm homeowners policy. They alleged that a May 10, 2023 hailstorm caused widespread damage and that their public adjuster estimated covered replacement-cost damages of $86,201.42, while State Farm denied coverage after initially identifying $1,890.95 in covered damage, an amount below the policy deductible. Plaintiffs also alleged that a May 15, 2024 kitchen plumbing discharge caused water damage, but the complaint did not allege facts showing why State Farm's determination that the damage resulted from repeated seepage or leakage was unjustified.

PROCEDURAL HISTORY

Plaintiffs filed the action on February 20, 2025, and amended their complaint on April 17, 2025. State Farm moved to dismiss the amended complaint under Rule 12(b)(6). The court granted the motion in part and denied it in part, dismissing without prejudice the water-damage breach-of-contract claim and the statutory and common-law bad-faith claims insofar as they concerned the water-damage claim; the hail-damage claims survived.

DISPOSITION

other

CASES CITED

- Brown v. Montoya, 662 F.3d 1152, 1162 (10th Cir. 2011)
- Khalik v. United Air Lines, 671 F.3d 1188, 1190-91 (10th Cir. 2012)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555, 570 (2007)
- RE/MAX, LLC v. Quicken Loans Inc., 295 F. Supp. 3d 1163, 1168 (D. Colo. 2018)
- Bryson v. Gonzales, 534 F.3d 1282, 1286 (10th Cir. 2008)
- Erickson v. Pardus, 551 U.S. 89, 93 (2007)
- Ashcroft v. Iqbal, 556 U.S. 662, 679 (2009)
- W. Distrib. Co. v. Diodosio, 841 P.2d 1053, 1058 (Colo. 1992)
- Rocky Mountain Prestress, LLC v. Liberty Mut. Fire Ins. Co., 960 F.3d 1255, 1260 (10th Cir. 2020)
- Rodriguez ex rel. Rodriguez v. Safeco Ins. Co. of Am., 821 P.2d 849, 853 (Colo. App. 1991)
- Ryals v. Am. Fam. Ins. Co., S.I., No. 20-cv-02736-NYW, 2021 WL 848195, at *4, *7-8 (D. Colo. Mar. 5, 2021)
- Waller v. City & Cnty. of Denver, 932 F.3d 1277, 1282 (10th Cir. 2019)
- GFF Corp. v. Associated Wholesale Grocers, Inc., 130 F.3d 1381, 1384 (10th Cir. 1997)
- Lowe v. Town of Fairland, 143 F.3d 1378, 1381 (10th Cir. 1998)
- TBL Collectibles, Inc. v. Owners Ins. Co., 285 F. Supp. 3d 1170, 1201 (D. Colo. 2018)
- Estate of Morris v. COPIC Ins. Co., 192 P.3d 519, 523 (Colo. App. 2008)

- Cooper v. Shelter Gen. Ins. Co., 653 F. Supp. 3d 873, 878 (D. Colo. 2023)
- Masters v. Safeco Ins. Co. of Am., No. 20-cv-00631-PAB-NRN, 2021 WL 4326269, at *5 (D. Colo. Sept. 23, 2021)
- Edge Construction, LLC v. Owners Ins. Co., No. 14-cv-00912-MJW, 2015 WL 4035567, at *6 (D. Colo. June 29, 2015)
- MarkWest Hydrocarbon, Inc. v. Liberty Mut. Ins. Co., 558 F.3d 1184, 1192-93 (10th Cir. 2009)
- Goodson v. Am. Standard Ins. Co. of Wisc., 89 P.3d 409, 415 (Colo. 2004)
- Travelers Insurance Co. v. Savio, 706 P.2d 1258, 1275-76 (Colo. 1985)
- Williams v. Owners Insurance Co., 621 F. App'x 914, 919 (10th Cir. 2015)
- Kisselman v. Am. Family Mut. Ins. Co., 292 P.3d 964, 975 (Colo. App. 2012)
- Calderon v. Kan. Dep't of Soc. & Rehab. Servs., 181 F.3d 1180, 1186 (10th Cir. 1999)
- Barnett v. Hall, Estill, Hardwick, Gable, Golden & Nelson, P.C., 956 F.3d 1228, 1236 (10th Cir. 2020)
- Johnson v. Spencer, 950 F.3d 680, 721 (10th Cir. 2020)
- Albers v. Bd. of Cnty. Comm'rs, 771 F.3d 697, 706 (10th Cir. 2014)
- Burnett v. Mortg. Elec. Registration Sys., Inc., 706 F.3d 1231, 1238 n.4 (10th Cir. 2013)
- Bereznak v. Arrow Elecs., Inc., No. 23-cv-01318-DDD-JPO, 2024 WL 4268588, at *10 (D. Colo. Aug. 12, 2024), report and recommendation adopted, 2024 WL 4267882 (D. Colo. Sept. 20, 2024)
- Serna v. Denver Police Dep't, 58 F.4th 1167, 1172 (10th Cir. 2023)
- Grynberg v. Total S.A., 538 F.3d 1336, 1346 (10th Cir. 2008)
