

SUPREME COURT OF INDIANA

R.L. McCoy, Inc. v. Jack

772 N.E.2d 987 (Ind. 2002) · No. 49S02-0112-CV-658 · Decided July 24, 2002

SUMMARY

The Indiana Supreme Court held that, under Indiana's Comparative Fault Act and several-liability regime, a nonsettling defendant is not entitled to a credit or setoff for amounts paid by a settling nonparty defendant. Because the settlement agreement conditioned repayment on an amount that would otherwise reduce another defendant's liability, the plaintiffs were not required to repay the excess settlement payment to McCoy. The court affirmed the trial court's judgment.

CASE DETAILS

COURT	Supreme Court of Indiana
WRITING FOR THE COURT	Boehm, Justice; Shepard, Chief Justice; Dickson, Justice; Sullivan, Justice; Rucker, Justice
JURISDICTION	Indiana
DECIDED	July 24, 2002
DOCKET	49S02-0112-CV-658
DISPOSITION	affirmed
PROCEDURAL POSTURE	On petition to transfer from the Indiana Court of Appeals. McCoy appealed the trial court's denial of its motion seeking repayment of part of a settlement payment made under a loan-receipt agreement.
STANDARD OF REVIEW	The Supreme Court reviewed the legal effect of Indiana's Comparative Fault Act and the interpretation of the settlement agreement de novo.
PRECEDENTIAL VALUE	Published Indiana Supreme Court opinion; precedential
PARTIES	R.L. McCoy, Inc. v. Michael Jack, Amy Jack

TOPICS

- comparative fault
- torts
- contracts
- remedies
- civil procedure

PRACTICE AREAS

- torts
- comparative fault
- contracts
- civil procedure
- remedies

QUESTIONS PRESENTED

1. Under Indiana's Comparative Fault Act, may a defendant severally liable for its apportioned share of fault obtain a credit or setoff for amounts paid by a nonparty defendant that settled before trial?
2. Did the loan-receipt settlement agreement require the Jacks to repay McCoy the \$960,000 by which McCoy's settlement payment exceeded the jury's determination of McCoy's comparative-fault share?

HOLDINGS

1. Under Indiana's comparative-fault regime, a defendant that is severally liable and that asserted a nonparty defense is not entitled to a credit or setoff for amounts paid by a nonparty defendant that settled the plaintiffs' claims. Each defendant remains responsible for its own apportioned share of the total liability.
2. The loan-receipt agreement did not require the Jacks to repay McCoy the \$960,000 excess settlement payment because, by its terms, repayment was required only to the extent the payment would reduce the amount another defendant was obligated to pay, and Johnson was not entitled to such a credit.

KEY QUOTATIONS

"We hold that they do not." (988)

"The liability of each defendant stands independently and is unaffected by that of other defendants." (990)

"Thus the nonparty defense already accomplished the limitation of Johnson's liability that a credit would otherwise have achieved." (990-91)

"The point is that the settlement between McCoy and the Jacks had no bearing on Johnson's obligation to pay according to its liability, as determined by the jury." (991)

"Therefore, the Jacks are not obligated to repay any amount to McCoy." (992)

FACTUAL BACKGROUND

Michael Jack was injured when his vehicle struck an excavation and construction barrel on Interstate 69, causing a rollover and spinal-cord injury resulting in paraplegia. The Jacks sued the State of Indiana, INDOT, McCoy, and S.E. Johnson Companies. Before trial, the Jacks settled with McCoy for \$1.5 million under a loan-receipt agreement containing a conditional repayment provision. At trial, the jury awarded the Jacks \$5.4 million and apportioned fault as follows: Michael Jack, 50 percent; the State, 25 percent; Johnson, 15 percent; and McCoy, 10 percent.

PROCEDURAL HISTORY

The Jacks sued the State of Indiana, INDOT, McCoy, and S.E. Johnson Companies after Michael Jack was injured in a highway-construction accident. Before trial, the Jacks released McCoy in exchange for \$1.5 million under a loan-receipt agreement. After a jury allocated fault among the Jacks, the State, Johnson, and McCoy, Johnson sought a \$960,000 setoff and McCoy sought repayment of that amount from the Jacks. The trial court denied both motions; the Court of Appeals affirmed the denial of Johnson's motion but reversed as to McCoy. The Indiana Supreme Court granted transfer and affirmed the trial court.

DISPOSITION

affirmed

CASES CITED

- Mendenhall v. Skinner & Broadbent Co., Inc., 728 N.E.2d 140 (Ind. 2000)
- Control Techniques, Inc. v. Johnson, 762 N.E.2d 104, 109 (Ind. 2002)
- McDermott, Inc. v. AmClyde & River Don Castings Ltd., 511 U.S. 202, 215, 219-20 (1994)
- Estate of Spry v. Greg & Ken, Inc., 749 N.E.2d 1269, 1275-76 (Ind. Ct. App. 2001)
- S.E. Johnson Cos., Inc. v. Jack, 752 N.E.2d 72 (Ind. Ct. App. 2001), transfer denied
- R.L. McCoy, Inc. v. Jack, 752 N.E.2d 67 (Ind. Ct. App. 2001)

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