

UNITED STATES DISTRICT COURT FOR THE MIDDLE DISTRICT OF
PENNSYLVANIA

**Kayode Ojo and KBrown Logistics, LLC v. Berkshire Hathaway
Direct Insurance Company d/b/a Three by Berkshire Hathaway**

No. 1:25-cv-01110 · No. No. 1:25cv1110 · Decided January 2, 2026

SUMMARY

The court grants the defendant-insurer’s motion to dismiss claims for breach of contract and statutory bad faith arising from the denial and nonpayment of workers’ compensation benefits. Applying Pennsylvania law, the court holds that the Pennsylvania Workers’ Compensation Act’s exclusivity provisions immunize the employer and its workers’ compensation insurer from these civil claims. The action is dismissed with prejudice because amendment would be futile.

CASE DETAILS

COURT	United States District Court for the Middle District of Pennsylvania
WRITING FOR THE COURT	Julia K. Munley
JURISDICTION	United States District Court for the Middle District of Pennsylvania
DECIDED	January 2, 2026
DOCKET	No. 1:25cv1110
DISPOSITION	dismissed
PROCEDURAL POSTURE	Defendant removed plaintiffs' Pennsylvania state-court action to federal court on diversity grounds and moved to dismiss under Federal Rule of Civil Procedure 12(b)(6), asserting immunity under the exclusivity provisions of the Pennsylvania Workers' Compensation Act.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true and determines whether the complaint states a facially plausible claim. An affirmative defense may be considered on a motion to dismiss when it is apparent on the face of the complaint.
PRECEDENTIAL VALUE	unpublished, nonprecedential district-court opinion
PARTIES	Kayode Ojo, KBrown Logistics, LLC v. Berkshire Hathaway Direct Insurance Company d/b/a Three by Berkshire Hathaway

TOPICS

workers compensation

insurance bad faith

insurance coverage

motions to dismiss

civil procedure

PRACTICE AREAS

workers compensation

insurance bad faith

insurance coverage

civil procedure

diversity jurisdiction

QUESTIONS PRESENTED

1. Whether the Pennsylvania Workers' Compensation Act's exclusivity provisions immunize a workers' compensation insurer from civil claims arising from the denial, mishandling, or nonpayment of workers' compensation benefits.
2. Whether plaintiffs could avoid the Act's exclusivity provisions by characterizing the claims as contractual claims brought by the LLC as purchaser of the insurance policy rather than claims for compensation for Ojo's workplace injury.
3. Whether the affirmative defense of workers' compensation immunity could be resolved on a Rule 12(b)(6) motion because it was apparent from the complaint.

HOLDINGS

1. The Pennsylvania Workers' Compensation Act's exclusivity provisions bar Ojo's breach-of-contract and statutory bad-faith claims because they arise from the insurer's denial, mishandling, and failure to pay workers' compensation benefits. The insurer receives the same relevant immunity and protections as the insured employer.
2. The LLC's asserted status as the purchaser of the insurance policy does not avoid the Act's exclusivity provisions because the complaint alleged no distinct commercial injury to the LLC and sought damages tied to Ojo's workplace injury and denied workers' compensation benefits.
3. Dismissal with prejudice was appropriate because amendment would be futile.

KEY QUOTATIONS

“when a claim is “[r]educ[ed] to its essence,” and that essence is a wrongful delay or refusal to pay benefits, the claim “must ... be adjudicated within the framework of the [workers’ compensation] statute.”” (at 3)

“Therefore, whether the claims are asserted on Ojo’s behalf or on behalf of the single-member LLC or both, all roads lead back to the exclusivity provisions in the Act.” (at 4)

FACTUAL BACKGROUND

Kayode Ojo, a self-employed truck driver and sole member of KBrown Logistics, LLC, purchased a workers' compensation policy from Berkshire Hathaway Direct Insurance Company. After Ojo suffered a workplace injury in a September 2022 truck accident, the insurer denied his claim and failed to respond to or participate in the ensuing workers' compensation proceedings. A workers' compensation judge granted Ojo's claim petition, but the insurer did not pay the awarded benefits. Ojo and the LLC then sued for breach of contract and statutory bad faith based on the denial and nonpayment.

PROCEDURAL HISTORY

Ojo obtained a workers' compensation award after the insurer failed to respond to his claim petition and failed to appear in the administrative proceedings. The insurer did not pay the award. Ojo and KBrown Logistics then sued in the Dauphin County Court of Common Pleas for breach of contract and statutory bad faith. The insurer removed the case, moved to dismiss, and the district court granted the motion with prejudice, concluding that the Workers' Compensation Act's exclusivity provisions barred the claims and that amendment would be futile.

DISPOSITION

dismissed

CASES CITED

- Yellow Freight Systems, Inc. v. Workmen's Compensation Appeal Board, 423 A.2d 1125 (Pa. Commw. Ct. 1981)
- [REDACTED] v. C&R Laundry Services LLC, 299 A.3d 1086 (Pa. Commw. Ct. 2023), appeal denied, 314 A.3d 822 (Pa. 2024)
- Lincoln Benefit Life Co. v. AEI Life, LLC, 800 F.3d 99 (3d Cir. 2015)
- Zambelli Fireworks Manufacturing Co. v. Wood, 592 F.3d 412 (3d Cir. 2010)
- Chamberlain v. Giampapa, 210 F.3d 154 (3d Cir. 2000)
- Erie Railroad Co. v. Tompkins, 304 U.S. 64 (1938)
- Doe v. Princeton University, 30 F.4th 335 (3d Cir. 2022)
- Ashcroft v. Iqbal, 556 U.S. 662 (2009)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544 (2007)
- Schmidt v. Skolas, 770 F.3d 241 (3d Cir. 2014)
- Lupian v. Joseph Cory Holdings LLC, 905 F.3d 127 (3d Cir. 2018)
- Rycoline Products, Inc. v. C & W Unlimited, 109 F.3d 883 (3d Cir. 1997)
- Bethel v. Jendoco Construction Corp., 570 F.2d 1168 (3d Cir. 1978)
- Neitzke v. Williams, 490 U.S. 319 (1989)
- Hishon v. King & Spalding, 467 U.S. 69 (1984)
- Franczyk v. Home Depot, Inc., 292 A.3d 852 (Pa. 2023)
- Kuney v. PMA Insurance Co., 578 A.2d 1285 (Pa. 1990)
- Winterberg v. Transportation Insurance Co., 72 F.3d 318 (3d Cir. 1995)
- Ash v. Continental Insurance Co., 932 A.2d 877 (Pa. 2007)

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