SUPREME COURT OF PENNSYLVANIA

Georgina Toy v. Metropolitan Life Insurance Company and Bob Martini

593 Pa. 20 (Pa. 2007) (Pa. 2007) · Decided July 18, 2007

SUMMARY

The Supreme Court of Pennsylvania considered whether Pennsylvania's bad-faith statute, 42 Pa.C.S. § 8371, applies to alleged deceptive or unfair practices in soliciting the purchase of an insurance policy. The court held that the statute does not provide a remedy for such solicitation practices and affirmed summary judgment on that claim. The court also addressed whether justifiable reliance is required under the Pennsylvania Unfair Trade Practices and Consumer Protection Law and whether the record supported summary judgment on that issue.

CASE DETAILS

COURT	Supreme Court of Pennsylvania
WRITING FOR THE COURT	Chief Justice Cappy; Justice Castille; Justice Newman; Justice Saylor; Justice Eakin; Justice Baer
JURISDICTION	Pennsylvania
DECIDED	July 18, 2007
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeals from summary judgment dismissing Toy's claims under Pennsylvania's bad-faith statute and Unfair Trade Practices and Consumer Protection Law. The Supreme Court of Pennsylvania granted allowance of appeal on the statutory scope of bad faith, the reliance element under the Consumer Protection Law, and whether justifiable reliance presented a jury issue.
STANDARD OF REVIEW	Summary judgment is reviewed de novo with plenary scope of review. The record is viewed in the light most favorable to the nonmoving party, and summary judgment is proper only where no genuine issue of material fact exists and the moving party is entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of Pennsylvania.
PARTIES	Georgina Toy v. Metropolitan Life Insurance Company, Bob Martini

TOPICS

insurance bad faith · life insurance litigation · consumer protection · statutory interpretation · contract interpretation

PRACTICE AREAS

insurance law · consumer protection · contract law · civil procedure

QUESTIONS PRESENTED

1. Whether Pennsylvania's bad-faith statute, 42 Pa.C.S. § 8371, provides a remedy for an insurer's unfair or deceptive conduct in soliciting the purchase of an insurance policy.
2. Whether justifiable reliance is an element of a private claim under Pennsylvania's Unfair Trade Practices and Consumer Protection Law.
3. Whether Toy's failure to read the policy and the policy's written terms established, as a matter of law, that she could not prove justifiable reliance.
4. Whether the alleged fraud in the execution of the insurance contract was subject to the parol evidence rule.

HOLDINGS

1. 42 Pa.C.S. § 8371 does not encompass allegations that an insurer engaged in unfair or deceptive practices in soliciting an insured's purchase of an insurance policy. The statute concerns bad-faith conduct in the performance of contractual insurance obligations and does not provide Toy a remedy for pre-formation solicitation conduct.
2. A private plaintiff asserting the Consumer Protection Law claims at issue must prove the traditional common-law fraud elements of reliance and causation, including justifiable reliance.
3. A plaintiff whose Consumer Protection Law claims allege fraud in the execution of a contract is not precluded as a matter of law from establishing justifiable reliance merely because the alleged misrepresentations do not appear in the integrated written contract.
4. Toy's failure to read the policy did not establish as a matter of law that she could not prove justifiable reliance. A recipient of an alleged fraudulent misrepresentation generally has no duty to investigate its falsity, although reliance is unjustified if the recipient knows the statement is false or its falsity is obvious. Whether the falsity was obvious and whether Toy's reliance was justified were jury questions.

KEY QUOTATIONS

> *"Thus, when § 8371, which provides a remedy in an action "arising under an insurance policy" as to a claim an insured has made of his insurer, is read with this meaning of bad faith in mind, we can only conclude on the question before us, that the words of the statute are clear and explicit, and that the Legislature intended not to give relief under the bad faith statute to an insured who alleges that his insurer engaged in unfair or deceptive practices in soliciting the purchase a policy."* (at 200)

> *“Therefore, under Weinberg we hold that justifiable reliance is an element of Toy's Consumer Protection Law claims.”* (at 202)

> *“Accordingly, we conclude that Toy was under no duty to read the Policy and the fact that she did not do so does not preclude her from establishing justifiable reliance.”* (at 207-208)

> *“In that Toy asserts that Martini told her that the Metropolitan Life product she was purchasing included a life insurance component, we conclude that it is for the jury to decide whether the falsity of Martini's alleged misrepresentations about the Policy's contents was obvious to Toy and whether her reliance was unjustified.”* (at 208)

FACTUAL BACKGROUND

Georgina Toy sought a retirement savings product and met with Metropolitan Life sales representative Bob Martini. Martini presented Metropolitan Life's 50/50 Savings Plan as a savings vehicle that could generate approximately $100,000 by age sixty-five, while also explaining that life insurance accompanied the plan. Toy signed an application for life insurance and received a whole-life policy, but she reviewed only its cover sheet and paid approximately $1,400 in premiums before learning of a Florida class action concerning Metropolitan Life and allowing the policy to lapse.

PROCEDURAL HISTORY

Toy filed suit in the Allegheny County Court of Common Pleas alleging that Metropolitan Life and its sales representative marketed a whole-life policy as a savings or investment product. The trial court granted defendants summary judgment and dismissed all claims with prejudice. The Superior Court affirmed dismissal of the bad-faith claim but reversed as to the Consumer Protection Law claims. The Supreme Court affirmed the Superior Court's order, holding that the bad-faith claim failed as a matter of statutory construction but that the Consumer Protection Law claims could proceed because justifiable reliance was not negated as a matter of law.

DISPOSITION

affirmed

CASES CITED

- D'Ambrosio v. Pennsylvania National Mutual Casualty Insurance Co., 494 Pa. 501, 431 A.2d 966 (1981)
- Cowden v. Aetna Casualty and Surety Co., 389 Pa. 459, 134 A.2d 223 (1957)
- Weinberg v. Sun Co., Inc., 565 Pa. 612, 777 A.2d 442 (2001)
- Yocca v. Pittsburgh Steelers Sports, Inc., 578 Pa. 479, 854 A.2d 425 (2004)
- Bardwell v. Willis Co., 375 Pa. 503, 100 A.2d 102 (1953)
- Gibbs v. Ernst, 538 Pa. 193, 647 A.2d 882 (1994)
- Merritz v. Circelli, 361 Pa. 239, 64 A.2d 796 (1949)
- Scaife Co. v. Rockwell-Standard Corp., 446 Pa. 280, 285 A.2d 451 (1971)
- Rempel v. Nationwide Life Insurance Co., 471 Pa. 404, 370 A.2d 366 (1977) (plurality)

- Pressley v. Travelers Property Casualty Corp., 817 A.2d 1131 (Pa. Super. 2003)
- Jones v. SEPTA, 565 Pa. 211, 772 A.2d 435 (2001)
- Marks v. Tasman, 527 Pa. 132, 589 A.2d 205 (1991)
- Ihnat v. Pover, 35 Pa. D. & C.4th 120 (Pa. Com. Pl. 1997)
