

SUPREME COURT OF OKLAHOMA

Deanda v. AIU Insurance

98 P.3d 1080 (2004) · No. No. 98,986 · Decided July 20, 2004

SUMMARY

The Oklahoma Supreme Court answered a certified question from the United States District Court for the Northern District of Oklahoma, holding that Oklahoma does not recognize a bad-faith tort against a workers' compensation insurance carrier for post-award conduct. The court held that the Oklahoma Workers' Compensation Act provides the exclusive remedies for an insurer's failure to pay or delays in paying an award, including enforcement and interest under 85 O.S. 2001, § 42. The opinion extended the court's reasoning concerning self-insured employers to workers' compensation insurance carriers.

CASE DETAILS

COURT	Supreme Court of Oklahoma
WRITING FOR THE COURT	Winchester, J.; Watt, C.J.; Kauger, J.; Hodges, J.; Edmondson, J.; Opala, V.C.J.; Lavender, J.; Hargrave, J.; Boudreau, J.
JURISDICTION	Oklahoma
DECIDED	July 20, 2004
DOCKET	No. 98,986
DISPOSITION	other
PROCEDURAL POSTURE	The United States District Court for the Northern District of Oklahoma certified a question of Oklahoma law to the Oklahoma Supreme Court under the Uniform Certification of Questions of Law Act.
STANDARD OF REVIEW	De novo consideration of the certified question of Oklahoma law.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of Oklahoma answering a certified question of state law.
PARTIES	Keir DeAnda v. AIU Insurance, AIG Claim Services, Inc.

TOPICS

- workers compensation
- insurance bad faith
- insurance
- statutory interpretation
- declaratory judgment

PRACTICE AREAS

- workers compensation
- insurance
- torts
- remedies

QUESTIONS PRESENTED

1. Whether Oklahoma recognizes a tort of bad faith against a workers' compensation insurance carrier for conduct occurring after the Workers' Compensation Court has entered an award.
2. Whether the Workers' Compensation Act provides the exclusive remedies for an insurer's post-award failure or delay in paying workers' compensation benefits.
3. Whether the alleged intentional nature of bad-faith conduct places the claim outside the exclusive jurisdiction and remedies of the Workers' Compensation Act.

HOLDINGS

1. Oklahoma does not recognize a tort of bad faith against a workers' compensation insurance carrier for post-award conduct.
2. Title 85 O.S. 2001, § 42 provides the exclusive remedy for an insurance carrier's post-award failure to pay workers' compensation benefits.
3. The alleged intentional nature of the insurer's conduct does not, by itself, place a post-award bad-faith claim outside the Workers' Compensation Act.

KEY QUOTATIONS

“Oklahoma does not recognize such a tort. Title 85 O.S.2001, § 42 provides the sole remedy when an insurance company fails to pay the compensation awarded by the Workers' Compensation Court.” (98 P.3d at 1081)

“The Workers' Compensation Act is exclusive as to both awards and remedies.” (98 P.3d at 1082)

“The statute sets out a post-judgment remedy for a post-judgment act. Section 42 explicitly includes the insurance carrier.” (98 P.3d at 1084)

“Oklahoma does not recognize the tort of bad faith against a workers' compensation insurance carrier for post-award conduct.” (98 P.3d at 1085)

FACTUAL BACKGROUND

Keir DeAnda was an employee of Terra Telecom, whose workers' compensation policy was issued by AIU Insurance. AIG Claim Services acted as AIU's third-party administrator for payment of benefits and authorization of related medical care. The Workers' Compensation Court entered orders concerning medical expenses, reimbursements, prepayment, and interest, and DeAnda alleged that payment and authorization were unreasonably delayed. The defendants disputed the existence and character of an award and denied that any delay was unreasonable.

PROCEDURAL HISTORY

DeAnda pursued a federal action alleging that a workers' compensation insurer and its third-party administrator unreasonably delayed payment of awarded benefits and authorization of medical expenses. The federal district court certified whether Oklahoma recognizes a bad-faith tort against a workers' compensation insurance carrier for post-award conduct. The Oklahoma Supreme Court answered the certified question in the negative.

DISPOSITION

other

CASES CITED

- Kuykendall v. Gulfstream Aerospace Technologies, 2002 OK 96, 66 P.3d 374
- May v. Covington, 1939 OK 429, 95 P.2d 233
- United States Fidelity and Guaranty Co. v. Theus, 1972 OK 9, 493 P.2d 433
- Fehring v. State Insurance Fund, 2001 OK 11, 19 P.3d 276
- Whitson v. Oklahoma Farmers Union Mutual Insurance Co., 1995 OK 4, 889 P.2d 285
- Anderson v. United States Fidelity and Guaranty Co., 1997 OK 124, 948 P.2d 1216
- Lee Way Motor Freight, Inc. v. Welch, 1988 OK 121, 764 P.2d 191
- Bishop v. Wilson Quality Homes, 1999 OK 60, 986 P.2d 512
- Goodwin v. Old Republic Insurance Co., 1992 OK 34, 828 P.2d 431
- Harter Concrete Products v. Harris, 1979 OK 38, 592 P.2d 526
- Weber v. Armco, 1983 OK 53, 663 P.2d 1221
- Mudge Oil Co. v. Wagnon, 1943 OK 354, 145 P.2d 185
- Rodgers v. Tecumseh Bank, 1988 OK 36, 756 P.2d 1223
- Christian v. American Home Assurance Co., 1977 OK 141, 577 P.2d 899