UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF CALIFORNIA

Pal Gill Trucking, Inc. v. Lancashire Cargo Consortium

No. 1:24-cv-00770-EPG (E.D. Cal. Mar. 3, 2025) · No. 1:24-cv-00770-EPG · Decided March 3, 2025

SUMMARY

The United States District Court for the Eastern District of California granted Lancashire Cargo Consortium’s Rule 12(b)(6) motion to dismiss claims arising from the denial of insurance coverage for damage to a rented commercial trailer. The court held that the policy’s non-owned trailer endorsement did not cover rented trailers and that the complaint therefore failed to state a breach-of-contract claim. The related claim for breach of the implied covenant of good faith and fair dealing also failed, and the action was dismissed with prejudice.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	March 3, 2025
DOCKET	1:24-cv-00770-EPG
DISPOSITION	dismissed
PROCEDURAL POSTURE	Defendant moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss claims for breach of an insurance contract and breach of the implied covenant of good faith and fair dealing. The court granted the motion and dismissed the complaint with prejudice.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true, construes them in the plaintiff's favor, disregards conclusory allegations, and determines whether the complaint states a facially plausible claim. The court may consider the complaint, documents attached to or incorporated by reference in it, and matters subject to judicial notice without converting the motion to summary judgment.
PRECEDENTIAL VALUE	unknown
PARTIES	Pal Gill Trucking, Inc. v. Lancashire Cargo Consortium

TOPICS

motions to dismiss · insurance coverage · contract interpretation · breach of contract · civil procedure

PRACTICE AREAS

insurance · commercial litigation · contracts · civil procedure

QUESTIONS PRESENTED

1. Whether the complaint plausibly alleged coverage for a rented trailer under the policy's Non-Owned Trailer/Trailer Interchange Endorsement.
2. Whether the policy's exclusion of rented trailers from the definition of non-owned trailers was ambiguous.
3. Whether the court could resolve the policy-interpretation issue on a Rule 12(b)(6) motion rather than requiring summary judgment or discovery.
4. Whether the absence of coverage defeated the claims for breach of contract and breach of the implied covenant of good faith and fair dealing.

HOLDINGS

1. The complaint failed to state a claim for breach of contract because the policy's plain language excluded rented trailers from coverage under the non-owned-trailer endorsement.
2. The policy was not ambiguous merely because it provided coverage for some non-owned trailers while excluding rented trailers from that coverage.
3. The court properly decided the policy-interpretation issue on a Rule 12(b)(6) motion because the relevant policy documents were incorporated into the complaint and no outside evidence was required.
4. The claim for breach of the implied covenant of good faith and fair dealing failed because there was no breach of the insurance contract.

KEY QUOTATIONS

> *"A policy provision is ambiguous if it is "capable of two or more constructions, both of which are reasonable.""* (at 4)

> *"It thus does not fall under the coverage for non-owned trailers under the plain terms of the contract."* (at 4)

> *"Therefore, because a rented trailer is not entitled to coverage under the plain language of the Policy, Plaintiff's complaint fails to state a claim for breach of contract."* (at 8)

FACTUAL BACKGROUND

Lancashire issued Pal Gill a physical-damage insurance policy covering specified vehicles and certain non-owned trailers. Pal Gill's 2020 Wabash trailer was rented and was damaged in a January 1, 2023 accident in Arizona. Lancashire denied the claim because the trailer was not scheduled on the policy and had been in Pal Gill's care, custody, and control for more than 90 days. The complaint alleged that the trailer was covered under the policy's non-owned-trailer endorsement and that the denial breached the contract and the implied covenant of good faith and fair dealing.

PROCEDURAL HISTORY

Pal Gill Trucking filed suit on July 2, 2024, alleging that Lancashire breached an insurance policy and the implied covenant by denying coverage for damage to a rented commercial trailer. Lancashire moved to dismiss for failure to state a claim. After briefing, the court concluded that the policy did not cover rented trailers and dismissed the action with prejudice.

DISPOSITION

dismissed

CASES CITED

- Erickson v. Pardus, 551 U.S. 89, 93-94 (2007)
- Barnett v. Centoni, 31 F.3d 813, 816 (9th Cir. 1994) (per curiam)
- Ashcroft v. Iqbal, 556 U.S. 662, 678-79 (2009)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 555-56 (2007)
- Conley v. Gibson, 355 U.S. 41, 45-47 (1957)
- Scheuer v. Rhodes, 416 U.S. 232, 236 (1974)
- Van Buskirk v. Cable News Network, 284 F.3d 977, 980 (9th Cir. 2002)
- U.S. v. Ritchie, 342 F.3d 903, 907-08 (9th Cir. 2003)
- Waller v. Truck Ins. Exch., Inc., 11 Cal. 4th 1, 18-19 (1995)
- Bank of the W. v. Superior Ct., 2 Cal. 4th 1254, 1264-65 (1992)
- Haynes v. Farmers Ins. Exch., 32 Cal. 4th 1198, 1216 (2004)
- Ausmus v. Lexington Ins. Co., 414 F. App’x 76 (9th Cir. 2011)
- Montrose Chemical Corp. v. Superior Ct., 6 Cal. 4th 287, 300 (1993)
- Minich v. Allstate Ins. Co., 193 Cal. App. 4th 477, 493 (2011)
- Pappy’s Barber Shops, Inc. v. Farmers Grp., Inc., 487 F. Supp. 3d 937, 945 (S.D. Cal. Sept. 11, 2020)
- 1OE, LLC v. Travelers Indem. Co., 483 F. Supp. 828, 838 (C.D. Cal. Sept. 2, 2020)
