SUPREME COURT OF OKLAHOMA

Falcone v. Liberty Mutual Insurance Co.

2017 OK 11 (Okla. 2017) · No. 115252 · Decided February 14, 2017

SUMMARY

The Oklahoma Supreme Court reviewed whether Liberty Mutual acted in bad faith by withholding payment for emergency-room Level 2 trauma charges under an uninsured/underinsured motorist policy. The court held that, although an insurer may consider the reasonableness of claimed medical expenses, whether the insurer's conduct and settlement offers constituted bad faith was a question for the trier of fact. The court reversed summary judgment for the defendants and remanded the case for further proceedings.

CASE DETAILS

COURT	Supreme Court of Oklahoma
WRITING FOR THE COURT	Watt, J.; Combs, C.J.; Kauger, J.; Winchester, J.; Edmondson, J.; Colbert, J.; Gurich, V.C.J.; Reif, J.
JURISDICTION	Oklahoma
DECIDED	February 14, 2017
DOCKET	115252
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from a district court summary judgment dismissing an insured's breach-of-contract and bad-faith claims arising from an uninsured/underinsured motorist claim.
STANDARD OF REVIEW	Summary judgment is reviewed de novo. Whether the insurer's withholding of payment was unreasonable and in bad faith was a fact question that could not be resolved as a matter of law on the undisputed record.
PRECEDENTIAL VALUE	published Oklahoma Supreme Court opinion
PARTIES	Malinda Falcone v. Liberty Mutual Insurance Company, LM General Insurance Company, Anthony Lewis

TOPICS

insurance bad faith · uninsured motorist · insurance coverage · standard of review · appellate procedure

PRACTICE AREAS

insurance bad faith | uninsured motorist insurance | insurance coverage | appellate procedure | punitive damages

QUESTIONS PRESENTED

1. Whether the insurers were entitled to summary judgment on Falcone's bad-faith claim based on their refusal to pay the full Level II trauma-center charges under the UM policy.
2. Whether the reasonableness and good-faith character of the insurers' withholding payment were questions for the trier of fact.

HOLDINGS

1. Summary judgment for the insurers was premature because whether their withholding of payment for the trauma-center charges was unreasonable and in bad faith was a question for the jury.
2. Medical expenses, including the emergency-room and trauma-center charges at issue, may constitute compensatory damages recoverable under the UM coverage; the insurer's challenge to those charges did not establish as a matter of law that no bad faith occurred.

KEY QUOTATIONS

> *“Tort liability is to be imposed only upon a clear showing "that the insurer unreasonably, and in bad faith, withholds payment of the claim of its insured."”* (¶ 10)

> *“We hold the significance of the undisputed facts, and whether Defendant's actions over the course of their negotiations constituted bad faith, are questions for the trier of fact.”* (¶ 11)

FACTUAL BACKGROUND

Falcone was injured as a passenger when an uninsured driver ran a stop sign and collided with her mother's vehicle. She was transported by ambulance to an emergency room and transferred to a Level II trauma center, generating substantial medical charges, including a $24,420.25 trauma-center charge. Liberty Mutual obtained utilization reviews concluding that Level II trauma treatment and some testing were unnecessary, made settlement offers below the documented medical bills, and later tendered the $100,000 UM policy limit after Falcone filed suit.

PROCEDURAL HISTORY

Falcone sued Liberty Mutual and LM General for breach of the UM insurance contract and breach of the implied duty of good faith and fair dealing after the insurers disputed payment of Level II trauma-center charges. The Oklahoma County District Court granted summary judgment for the insurers and denied Falcone's motion for new trial. The Oklahoma Supreme Court retained the appeal, reversed, and remanded for further proceedings.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Conduct further proceedings consistent with the opinion, including submission to the trier of fact of whether the insurers' conduct constituted bad faith.

CASES CITED

- Christian v. American Home Assurance Co., 1977 OK 141, 577 P.2d 899
- Newport v. USAA, 2000 OK 59, 11 P.3d 190
- McCorkle v. Great Atlantic Insurance Co., 1981 OK 128, 637 P.2d 583
- Southwestern Greyhound Lines, Inc. v. Rogers, 1954 OK 40, 267 P.2d 572
- Denco Bus Lines, Inc. v. Hargis, 1951 OK 11, 229 P.2d 560
- Buzzard v. Farmers Insurance Co., 1991 OK 127, 824 P.2d 1105
- Kratz v. Kratz, 1995 OK 63, 905 P.2d 753
- Radford-Shelton Associates Dental Laboratory, Inc. v. Saint Francis Hospital, Inc., 1976 OK CIV APP 41, 569 P.2d 506
- Chicago, Rock Island & Pacific Railroad Co. v. Wright, 1954 OK 312, 278 P.2d 830
- Haberman v. The Hartford Insurance Group, 443 F.3d 1257 (10th Cir. 2006)
- Alsobrook v. National Travelers Life Insurance Co., 1992 OK CIV APP 168, 852 P.2d 768