UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF INDIANA, INDIANAPOLIS DIVISION

Julie Wakley and Victor Wakley v. Progressive Southeastern Insurance Company

Wakley · No. 1:25-cv-00681-JRS-MKK · Decided March 16, 2026

SUMMARY

The United States District Court for the Southern District of Indiana denied the plaintiffs' motion for clerk's entry of default against Progressive Southeastern Insurance Company. The court granted Progressive's motion to dismiss the plaintiffs' Indiana bad-faith insurance claim with prejudice, concluding that the amended complaint alleged no facts showing unfounded refusal or delay, deception, unfair settlement pressure, or conscious wrongdoing.

CASE DETAILS

COURT	United States District Court for the Southern District of Indiana, Indianapolis Division
WRITING FOR THE COURT	James R. Sweeney II
JURISDICTION	United States District Court for the Southern District of Indiana
DECIDED	March 16, 2026
DOCKET	1:25-cv-00681-JRS-MKK
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiffs moved for entry of default under Federal Rule of Civil Procedure 55(a), and Defendant moved under Rule 12(b)(6) to dismiss the bad-faith claim. The district court denied the default motion and dismissed the bad-faith claim with prejudice.
STANDARD OF REVIEW	A Rule 12(b)(6) motion tests the legal sufficiency of the complaint. The court accepts well-pleaded factual allegations as true, draws reasonable inferences in the plaintiff's favor, and determines whether the complaint states a facially plausible claim under Rule 8(a).
PRECEDENTIAL VALUE	Unpublished district court order; precedential status unknown and not reported in a standard reporter.

TOPICS

motions to dismiss | insurance bad faith | default | insurance | civil procedure

PRACTICE AREAS

Insurance | Civil procedure | Contract law | Torts

QUESTIONS PRESENTED

1. Whether the Wakleys were entitled to a clerk's entry of default because Progressive missed the deadline to answer the amended complaint.
2. Whether the amended complaint plausibly alleged an Indiana insurance bad-faith claim under Rule 8(a).

HOLDINGS

1. A clerk's entry of default was unwarranted because Progressive had timely answered the original complaint, actively participated in the defense, promptly corrected its missed deadline by answering the amended complaint, and federal policy favors resolving disputes on the merits rather than by default.
2. The amended complaint failed to state a plausible Indiana insurance bad-faith claim because it alleged no facts showing an unfounded refusal to pay, unfounded delay, deception, unfair pressure to settle, or conscious wrongdoing. The bad-faith claim was dismissed with prejudice.

KEY QUOTATIONS

> *"Even if it is ultimately determined that an insurer breached its contract, "a good faith dispute about the amount of a valid claim . . . will not supply the grounds for a recovery in tort for breach of the obligation to exercise good faith.""* (II.C)

> *"This "requires evidence of a state of mind reflecting dishonest purpose, moral obliquity, furtive design, or ill will.""* (II.C)

FACTUAL BACKGROUND

Julie and Victor Wakley purchased an insurance policy from Progressive for a recreational vehicle. A vandal damaged the vehicle on or about October 22, 2024, and the vehicle was deemed totaled. Progressive investigated the loss and informed the Wakleys that it would provide coverage, but later advised that the loss was not fully covered and had not paid benefits. The amended complaint alleged breach of contract and bad faith but did not allege facts showing an unfounded refusal or delay, deception, unfair settlement pressure, or conscious wrongdoing.

PROCEDURAL HISTORY

The Wakleys filed an insurance-related action against Progressive and later filed an amended complaint alleging breach of contract and insurance bad faith. Progressive answered the original complaint but missed the deadline to respond to the amended complaint; it filed an answer to the amended complaint on the same day Plaintiffs sought a clerk's entry of default. The court denied the default motion and granted Progressive's motion to dismiss the bad-faith claim with prejudice.

DISPOSITION

other

CASES CITED

- Cracco v. Vitran Express, Inc., 559 F.3d 625, 631 (7th Cir. 2009)
- Gunn v. Continental Casualty Co., 968 F.3d 802, 806 (7th Cir. 2020)
- Ashcroft v. Iqbal, 556 U.S. 662, 678-79 (2009)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 570 (2007)
- Roberts v. City of Chicago, 817 F.3d 561, 564 (7th Cir. 2016)
- Erie Insurance Co. v. Hickman by Smith, 622 N.E.2d 515, 519-20 (Ind. 1993)
- Baldwin v. Standard Fire Insurance Co., 269 N.E.3d 1197, 1208-09 (Ind. 2025)
- Monroe Guaranty Insurance Co. v. Magwerks Corp., 829 N.E.2d 968, 977 (Ind. 2005)
- Erie Insurance Exchange v. Craighead, 192 N.E.3d 195, 204 (Ind. Ct. App. 2022)
- Colley v. Indiana Farmers Mutual Insurance Group, 691 N.E.2d 1259, 1261 (Ind. Ct. App. 1998)

OPINION

WAKLEY
PER CURIAM.
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION
)
JULIE WAKLEY)
VICTOR WAKLEY)
Plaintiffs,)) v.) No. 1:25-cv-00681-JRS-MKK)
PROGRESSIVE SOUTHEASTERN)
INSURANCE COMPANY)
) Defendant.) Order on Motion for Entry of Default and Motion to Dismiss Plaintiffs Julie Wakley and Victor Wakley filed suit against Defendant Progressive Southeastern Insurance Company ("Progressive"), alleging a breach of contract and bad faith for Progressive's alleged violation of its obligation to perform its duties under the Wakleys' insurance policy. (Am. Compl. 9–10, ECF No. 13.) Now before the Court are the Wakleys' Motion for Clerk's Entry of Default, (ECF No. 15), and Progressive's Motion to Dismiss Bad Faith Claim, (ECF No. 19). For the reasons outlined below, the Court denies the Wakleys' motion and grants Progressive's motion. I. Motion for Clerk's Entry of Default The Wakleys move for a clerk's entry of default under Fed. R. Civ. P. 55(a). Their motion is based on Progressive's failure to answer or otherwise respond to the Amended Complaint by the deadline set by the Magistrate Judge in an Entry and Order from Telephonic

Status Conference held on June 2, 2025. (See ECF No. 14.) While Progressive failed to answer or respond by that deadline, Progressive timely filed an Answer to the original Complaint, (See Compl., ECF No. 1; Answer, ECF No. 11), has actively participated in the defense of this action, and filed an Answer to the Amended Complaint, (ECF No. 17), on the same day the Wakleys moved for entry of default. Progressive's procedural misstep, immediately corrected when drawn to Progressive's attention, does not override the strong federal policy favoring resolution of disputes on the merits rather than by default. See Cracco v. Vitran Exp., Inc., 559 F.3d 625, 631 (7th Cir. 2009). The Wakleys' Motion for Entry of Default, (ECF No. 15), is therefore denied. II. Motion to Dismiss A. Legal Standard A rule 12(b)(6) motion to dismiss for failure to state a claim upon which relief can be granted tests "the legal sufficiency of a complaint" against Rule 8(a)'s standards. Gunn v. Cont'l Cas. Co., 968 F.3d 802, 806 (7th Cir. 2020). Under Rule 8(a), a complaint must contain a short and plain statement showing that the pleader is entitled to relief. Fed. R. Civ. P. 8(a)(2). A complaint must state a plausible claim for relief to survive a motion to dismiss. Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009) (citing Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 570 (2007)). A claim is facially plausible if it "pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." Id. The Court must take as true the complaint's well-pleaded factual allegations, id. at 679, and draw all reasonable inferences in the plaintiff's favor, Roberts v. City of Chicago, 817 F.3d 561, 564 (7th Cir. 2016). The Court need not accept the truth of legal conclusions, and "[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice." Iqbal, 556 U.S. at 678. B. Facts Julie Wakley and Victor Wakley are suing pro se. They bought a recreational vehicle and purchased an insurance policy for it from Progressive. (Am. Compl. ¶ 8, ECF. No. 13.) A vandal damaged the recreational vehicle on or around October 22, 2024, and it was deemed totaled. (Id. ¶ 9.) The insurance policy was valid and in effect at this time. (Id. ¶ 18.) After the recreational vehicle was damaged, the Wakleys notified Progressive of the incident, and Progressive assigned to them claim number 24-200051113. (Id. ¶ 11.) Progressive inspected the damage, investigated the cause of the loss, tabulated the damages, and notified the Wakleys that Progressive would "be providing Coverage for this loss." (Id. ¶ 13.) Progressive then notified the Wakleys that the loss was not fully covered under the insurance policy and has not yet paid any benefits to the Wakleys. (Id. ¶¶ 14–15.) C. Discussion Progressive argues that the Wakleys' state law claim of bad faith should be dismissed because the Amended Complaint fails to allege any facts that may give rise to a valid bad faith claim. (Mem. in Supp. of Mot. to Dismiss 4, ECF No. 20.) Under Indiana law, the tortious breach of an insurer's duty to deal with its insured in good faith constitutes a valid cause of action. Erie Ins. Co. v. Hickman by Smith, 622 N.E.2d 515, 519 (Ind. 1993). The Indiana Supreme Court has held that an insurer's obligation of good faith and fair dealing requires that the insurer refrain from: "(1) making an unfounded refusal to pay policy proceeds; (2) causing an unfounded delay in making payment; (3) deceiving the insured; and (4) exercising any unfair advantage to pressure an insured into a settlement of his claim." Id. If an insurer does not violate its duty of good faith, then it has not acted in bad faith. Baldwin v. Standard Fire Ins. Co., 269 N.E.3d 1197, 1209 (Ind. 2025). Even if it is ultimately determined that an insurer breached its contract, “a good faith dispute about the amount of a valid claim . . . will not supply the grounds for a recovery in tort for breach of the obligation to exercise good faith.” Hickman, 622 N.E.2d at 520; see also Monroe Guar. Ins. Co. v. Magwerks Corp., 829 N.E.2d 968, 977 (Ind. 2005) (“[W]e decline at this time to expand on the extent of the duty an insurer owes its injured beyond those we have already expressed in Hickman.”). Additionally, to succeed on a claim of bad faith, the insured must demonstrate that the insurer acted with “the additional element of conscious wrongdoing,” a higher burden than that of showing mere negligence or poor judgment. Baldwin, 269 N.E.3d at 1208–09 (quoting Erie Ins. Exch. v. Craighead, 192 N.E.3d 195, 204 (Ind. Ct. App. 2022)). This “requires evidence of a state of mind reflecting dishonest purpose, moral obliquity, furtive design, or ill will.” Magwerks, 829 N.E.2d at 977 (quoting Colley v. Ind. Farmers Mut. Ins. Grp., 691 N.E.2d 1259, 1261 (Ind. Ct. App. 1998)). The Wakleys have not stated a plausible claim for relief as to their allegation of bad faith. In their Amended Complaint, they have not alleged any facts indicating that Progressive made an unfounded refusal to pay policy proceeds, caused an unfounded delay in making a payment, deceived the Wakleys, or unfairly pressured them into a settlement agreement. A good faith dispute as to amount of the claim at issue cannot support a bad faith claim, Hickman, 622 N.E.2d at 520, and the Wakleys fail to allege any facts supporting a reasonable inference that Progressive engaged in anything other than such a dispute. Also, the Wakleys did not allege any facts indicating that Progressive acted with a state of mind reflecting conscious wrongdoing, as required for a bad faith claim. The Wakleys have solely alleged a breach of their insurance contract by Progressive. (Am. Compl. ¶ 21, ECF No. 13.) Tellingly, the Amended Complaint contains no mention of bad faith until its “wherefore” clause, (see Am. Compl. 9–10, ECF No. 13), and the Wakleys’ arguments against Progressive’s Motion simply recite the potential grounds for a bad faith claim under Indiana law without identifying which facts in their Amended Complaint allow the plausible inferences of the elements they recite, (see Pl.’s Mem. in Supp. of Motion to Deny Def.’s Mot. to Dismiss 2, ECF No. 22). In sum, the Wakleys have not alleged any factual content allowing the Court to draw a reasonable inference that Progressive is liable for a bad faith claim. Therefore, their bad faith claim is dismissed with prejudice. Conclusion For the reasons stated, the Wakleys' Motion for Clerk's Entry of Default, (ECF No. 15), is denied and Progressive's Motion to Dismiss Bad Faith Claim, (ECF No. 19), is granted. Plaintiffs’ bad faith claim is dismissed with prejudice. SO ORDERED. Date: 3/16/2026

JAMES R. SWEENEY II, CHIEF JUDGE

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