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PRECEDENTIAL VALUE	Unpublished district court order; precedential status unknown and not reported in a standard reporter.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)