UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

Princeton Excess and Surplus Lines Insurance Company v. Lexicon Title Services, LLC

Princeton Excess and Surplus Lines Insurance Co. v. Lexicon Title Services, LLC, Civil Action No. 24-1657 (ABJ) (D.D.C. Feb. 10, 2026) · No. Civil Action No. 24-1657 (ABJ) · Decided February 10, 2026

SUMMARY

The United States District Court for the District of Columbia denied Doma Title Insurance, Inc. and Rehabit DC, LLC's motion to dismiss an insurer's declaratory judgment action. The court held that the alleged failure of the insureds to cooperate in defending an underlying lawsuit presented a concrete controversy regarding the insurer's duties to defend and indemnify. The court concluded that the complaint plausibly stated a claim for declaratory relief and that the defendants' arguments concerning prejudice and the merits of coverage were better addressed at a later stage.

CASE DETAILS

COURT	United States District Court for the District of Columbia
WRITING FOR THE COURT	Amy Berman Jackson
JURISDICTION	United States District Court for the District of Columbia
DECIDED	February 10, 2026
DOCKET	Civil Action No. 24-1657 (ABJ)
DISPOSITION	other
PROCEDURAL POSTURE	Doma Title Insurance, Inc. and Rehabit DC, LLC moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss Princeton Excess's declaratory-judgment complaint concerning its duties to defend and indemnify Lexicon and Deidre Brown under an insurance policy.
STANDARD OF REVIEW	Under Rule 12(b)(6), the court accepts well-pleaded factual allegations as true, disregards legal conclusions, draws reasonable inferences in the plaintiff's favor, and asks whether the complaint states a facially plausible claim for relief. For declaratory relief, the court determines whether the plaintiff is entitled to a declaration of rights, not whether it is entitled to a declaration in its favor.
PRECEDENTIAL VALUE	Published district court memorandum opinion

TOPICS

declaratory relief insurance · duty to defend · duty to indemnify · motions to dismiss · declaratory judgment

PRACTICE AREAS

insurance coverage · declaratory judgment · civil procedure · commercial litigation

QUESTIONS PRESENTED

1. Whether the complaint plausibly alleged an actual controversy supporting declaratory relief under 28 U.S.C. § 2201(a).
2. Whether the alleged facts concerning Lexicon and Brown's failure to cooperate were sufficient at the pleading stage to permit Princeton Excess to seek a declaration concerning its duties to defend and indemnify.
3. Whether the declaratory-judgment action was premature or inequitable because it could prejudice Doma and Rehabit.

HOLDINGS

1. The complaint plausibly alleged an actual controversy because Lexicon and Brown had been sued, Princeton Excess's policy potentially required it to defend and indemnify them, and the insureds' alleged noncooperation created a concrete dispute concerning the insurer's obligations.
2. The motion to dismiss was properly denied because the complaint stated a plausible claim for a declaration of rights; the court did not need to decide on a motion to dismiss whether Princeton Excess would ultimately prevail on the duty to defend, duty to indemnify, or alleged failure to cooperate.
3. The action was not premature or inequitable merely because Doma and Rehabit claimed they might be prejudiced; declaratory relief could proceed where the coverage dispute was concrete and the underlying action had been stayed by agreement pending resolution of the coverage case.

KEY QUOTATIONS

> *"But the focus of a motion to dismiss a complaint for declaratory judgment is "whether the plaintiff is entitled to a declaration of rights, not . . . whether it is entitled to a declaration in its favor.""* (12)

> *"For all the reasons stated above, the Court finds that the complaint states a claim that Princeton Excess is entitled to a declaration of rights and the motion to dismiss [Dkt. # 8] is DENIED."* (14)

FACTUAL BACKGROUND

Princeton Excess issued Lexicon a professional liability policy covering May 15, 2023 through May 15, 2024, with a cooperation condition requiring the insureds to provide information and assistance in the defense and investigation of claims. Doma and Rehabit sued Lexicon and Brown in an underlying action arising from an allegedly unpaid deed of trust and asserted claims including breach of contract, negligence, fraud, trover, and conversion. Princeton Excess repeatedly attempted to contact Lexicon and Brown, provided reservation-of-rights and cooperation notices, and sought information needed to participate in the defense, but alleged that neither insured cooperated. Doma and Rehabit agreed to stay the underlying action pending resolution of the declaratory-judgment action.

PROCEDURAL HISTORY

Princeton Excess filed this action seeking a declaration that it owed no duty to defend or indemnify Lexicon and Brown because of their alleged failure to cooperate. Doma and Rehabit, defendants with interests in the requested declaration, moved to dismiss. The underlying action was stayed by agreement pending resolution of this coverage action. Lexicon and Brown did not respond, and Princeton Excess separately sought default judgment against them. The court denied Doma and Rehabit's motion to dismiss, leaving the merits of the coverage issues for later proceedings.

DISPOSITION

other

CASES CITED

- Youkelsone v. Federal Deposit Insurance Corp., 910 F. Supp. 2d 213, 221 (D.D.C. 2012)
- Abhe & Svoboda, Inc. v. Chao, 508 F.3d 1052, 1059 (D.C. Cir. 2007)
- Ashcroft v. Iqbal, 556 U.S. 662, 678-79 (2009)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 555, 556, 570 (2007)
- Sparrow v. United Air Lines, Inc., 216 F.3d 1111, 1113 (D.C. Cir. 2000)
- Schuler v. United States, 617 F.2d 605, 608 (D.C. Cir. 1979)
- American National Insurance Co. v. FDIC, 642 F.3d 1137, 1139 (D.C. Cir. 2011)
- Thomas v. Principi, 394 F.3d 970, 972 (D.C. Cir. 2005)
- Kowal v. MCI Communications Corp., 16 F.3d 1271, 1276 (D.C. Cir. 1994)
- Browning v. Clinton, 292 F.3d 235, 242 (D.C. Cir. 2002)
- Gustave-Schmidt v. Chao, 226 F. Supp. 2d 191, 196 (D.D.C. 2002)
- EEOC v. St. Francis Xavier Parochial School, 117 F.3d 621, 624-25 (D.C. Cir. 1997)
- Maryland Casualty Co. v. Pacific Coal & Oil Co., 312 U.S. 270, 272-74 (1941)
- Aetna Life Insurance Co. of Hartford, Conn. v. Haworth, 300 U.S. 227, 240-41, 244 (1937)
- MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 136 (2007)
- Glenn v. Thomas Fortune Fay, 222 F. Supp. 3d 31, 36 (D.D.C. 2016)
- President v. Vance, 627 F.2d 353, 364 n.76 (D.C. Cir. 1980)
- Keene Corp. v. Insurance Co. of North America, 667 F.2d 1034, 1040 n.8 (D.C. Cir. 1981)
- Hepburn v. Pennsylvania Indemnity Corp., 109 F.2d 833, 833 (D.C. Cir. 1939)
- National Railroad Passenger Corp. v. Consolidated Rail Corp., 670 F. Supp. 424, 429 (D.D.C. 1987)