

COLORADO

PARTNER LILY NIERENBERG OBTAINS SUMMARY JUDGMENT IN FAVOR OF INSURER IN EAST TROUBLESOME FIRE CASE



On June 5, 2023, the Honorable Raymond P. Moore granted summary judgment in favor of an insurance company defended by partner Lily Nierenberg. The case arose out of an insurance claim related to the total loss of a three-bedroom property in Grand County, Colorado, which had been destroyed in the East Troublesome Fire in October 2020. The insurance company paid over \$400,000 to its insureds less than a month after the fire, including the actual cash value of its initial replacement cost estimate, as well as coverage for personal property and additional living expenses. Despite repeated requests to the insureds to submit a contractor estimate for the reconstruction cost of their home, the insureds first provided one in June 2021, and the insurance company issued the balance of the policy limits for dwelling coverage less than a month later in July 2021. The insurance company extended the time in which the insureds could complete the repairs to recover depreciation through January 2022.



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Plaintiffs filed this lawsuit in December 2021, asserting claims for declaratory relief, breach of contract, statutory unreasonable delay and denial of covered benefits, and common law bad faith. After the close of discovery, the insurance company moved for summary judgment on all claims. The Court agreed that the plaintiffs had failed to put forth evidence that they were owed additional amounts under the policy, or that the insurance company had unreasonably delayed any covered amounts that it had paid. Specifically, the Court found the plaintiffs had failed to show that the initial estimate and investigation were inconsistent with industry standards or that the result was materially adverse. The Court further held that there was no dispute on the question of whether the insurance company had handled the claim in good faith, especially as it had paid more than \$400,000 within a month of the loss, followed by the policy limits well within a year. The Court also denied as moot the plaintiffs' request to seek exemplary damages.