

SUPERIOR COURT  
OF THE  
STATE OF DELAWARE

E. SCOTT BRADLEY  
JUDGE

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December 10, 2012

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Re: **Melvin Davis v. State Farm Mutual Automobile Insurance Company**  
C.A. No. S10C-09-005 ESB

Dear Counsel:

This is my decision on defendant State Farm Mutual Automobile Insurance Company's Motion for Reargument. Reargument is appropriate where the Court has overlooked a decision or legal principle that would have controlling effect, or has misapplied the law or facts in a way that affects the outcome.<sup>1</sup> I will address State Farm's arguments in the order that it presented them.

1. Karen Ranck

State Farm argues that I decided factual arguments that were in dispute in favor of the plaintiff. This argument relates to the facts surrounding State Farm's determination of whether there was insurance coverage for the plaintiff's claims. These facts played no role in the decision that I reached in this case. State Farm ultimately determined that the

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<sup>1</sup> *Mainiero v. Microbyx*, 699 A.2d 320, 321 (Del. Ch. 1996).

plaintiff's claims were covered and it paid out his PIP benefits to his health care providers. I determined that an insured may reserve his PIP benefits that have otherwise not been properly paid for lost wages instead of payments to health care providers. I further determined that State Farm had not properly paid any benefits on behalf of the plaintiff because the assignment of benefits that the plaintiff's health care providers obtained was not valid. These determinations were not dependent on when State Farm ultimately determined that there was insurance coverage for the plaintiff's claims.

## 2. The Assignment of Benefits

\_\_\_\_\_ State Farm argues that I concluded that the Assignment of Benefits in this case was not valid and that this was not an issue that was in contention in this case. I concluded that the Assignment of Benefits was not valid because there was no evidence in the record that the plaintiff's mother had the authority to execute an Assignment of Benefits on his behalf while he was in a coma. I also note that the plaintiff was an adult, not a minor under his mother's care and authority. State Farm has not, in its Motion for Reargument, identified any facts challenging this finding. The issue of the validity of the Assignment of Benefits, while not discussed much in the briefing, was certainly discussed at oral argument in this case. Indeed, State Farm provided the Assignment of Benefits to me after oral argument. Moreover, to argue that the Assignment of Benefits is not an issue in contention in a case such as this fails to recognize the central role that assignment of benefit forms play in our third-party health care payment system. These documents are, in all likelihood, executed by patients virtually every time they see a health care provider so that the health provider may seek payment directly from a patient's insurance company. The importance of these

documents cannot be ignored.<sup>2</sup> Without them, a health care provider would simply have no basis or authority to seek payment directly from a patient's insurance company.

### 3. The Health Care System

State Farm argues that my decision will allow the insured to control how his benefits are paid, putting State Farm in the difficult position of determining how to pay claims. This problem exists now. State Farm has resolved it by simply paying claims in the order that it receives them regardless of the insured's wishes. I agree that my decision may make State Farm's job more difficult. However, that does not mean that my decision is incorrect. Quite simply, I concluded that the underlying purpose of the PIP statute outweighs State Farm's administrative concerns.

### 4. Bad Faith

State Farm argues that, based on the facts of this case, it did not act in bad faith and that I should have ruled in its favor on this claim. Whether or not someone has acted in bad faith is a fact intensive analysis that is customarily left to the jury. I see no reason to do otherwise in this case.

Therefore, I have denied State Farm's Motion for Reargument. The case is now ready for discovery, so I will vacate the stay that I entered earlier and deny State Farm's Motion for Protective Order.

IT IS SO ORDERED.

/s/ E. Scott Bradley  
J.

ESB/sal

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<sup>2</sup> *Sammons v. Hartford Underwriters Insurance Co.*, 2012 WL 2922670 (Del. July 18, 2012).