

STATE OF MAINE
YORK, SS.

SUPERIOR COURT
CIVIL ACTION
DOCKET NO. CV-14-39

RICKY LAFRANCE,

Plaintiff,

v.

ORDER

STATE FARM FIRE AND
CASUALTY COMPANY,

Defendant.

Plaintiff Ricky LaFrance brings this action against Defendant State Farm Fire and Casualty Company alleging counts for breach of contract and violation of the Unfair Claims Settlement Practices Act (“UCSPA”), 24-A M.R.S. § 2436-A. LaFrance sought coverage for water damage caused when a pipe burst during the winter and flooded the home. State Farm denied coverage. State Farm has moved for summary judgment on the UCSPA claim.

“Summary judgment is appropriate if the record reflects that there is no genuine issue of material fact and the movant is entitled to judgment as a matter of law.” *Dussault v. RRE Coach Lantern Holdings, LLC*, 2014 ME 8, ¶ 12, 86 A.3d 52 (citation omitted). “A material fact is one that can affect the outcome.” *McIlroy v. Gibson’s Apple Orchard*, 2012 ME 59, ¶ 7, 43 A.3d 948 (citation omitted).

LaFrance alleges that State Farm violated Section 2436-A(1)(E) of UCSPA, which imposes civil liability on insurers that “[w]ithout just cause, failing to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear.” “Without just cause” is defined as “refus[ing] to settle claims without a reasonable basis to contest liability, the amount of any damages or the extent of any injuries claimed.” 24-A M.R.S. § 2436-A(2). “[A]ny legitimate doubt is a safe harbor under UCSPA.” *Rankin v. Allstate Ins. Co.*, 336 F.3d 8, 16 (1st Cir. 2003).

Andrea Smith, an employee of State Farm, denied LaFrance’s claim because he failed to use “reasonable means to maintain adequate heat on the property”—an exclusion under the policy. (Def.’s S.M.F. ¶¶ 2, 25.) Smith based her decision on the following (1) thermostats in the home were set to the low 40’s with one completely off, (2) the furnace and oil tank were in need of repair and service, (3) plaster had been removed from some of the walls in the home, and (4) LaFrance represented that he had not purchased oil and other circumstantial evidence¹ indicated little or no oil had been consumed from November to January, when the loss occurred. (Def.’s S.M.F. ¶ 26.)

In response, LaFrance emphasizes a number of measures he took to maintain adequate heat and highlights facts that Smith “ignored and failed to investigate.” (Pl.’s Opp. Summ. J. 6-10.) The question here is not whether State Farm in fact properly denied coverage; that issue will be resolved with LaFrance’s breach of contract claim. *See Sch. Union No. 37 v. United Nat’l Ins. Co.*, 617 F.3d 554 (1st Cir. 2010) (affirming dismissal of UCSPA claim, but vacating and remanding dismissal of claim for coverage). Rather,

¹ As of November, the oil tank had a little more than half a tank of oil, and at the time of the loss in January, there was a little less than half a tank. Smith asked LaFrance during a recorded interview whether he had “purchased” any oil since November, to which he replied “nope.” (Pl.’s Opp. Summ. J. 3.) After Smith denied coverage, LaFrance revealed that he had in fact added oil to the tank, apparently from another property.

the court must consider whether, based on the facts known at the time of the decision to deny coverage, State Farm acted “without just cause . . . to contest liability.”

LaFrance concedes that he initially told Smith he had not purchased oil and at that time, he failed to inform her that he added any oil to the tank. (Pl.’s Opp. Summ. J. 3.) LaFrance attempts to create a factual dispute regarding the oil tank and other measures to evade summary judgment, but that fact is not a “material” one. Even accepting LaFrance’s version and assuming he did put oil in the tank, this does not mean State Farm lacked “any legitimate or reasonable basis ” to deny coverage. State Farm had a legitimate and reasonable basis to deny coverage based on the undisputed facts regarding the conditions in the home and LaFrance’s initial representations. This created a “legitimate doubt” as to coverage, which protects State Farm under the UCSPA’s safe harbor provision. Summary judgment as to the UCSPA is therefore appropriate.

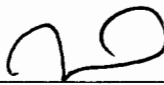
The entry shall be:

Defendant’s motion for summary judgment as to Count II is GRANTED.

SO ORDERED.

DATE: ~~June~~ __, 2015

July 8,
/



John O’Neil, Jr.
Justice, Superior Court

CV-14-39

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