Experience

Fidelity National Insurance Company Wins Appeal in the Third Circuit

The U.S. Court of Appeals for the Third Circuit affirmed summary judgment in favor of Stradley Ronon client Fidelity National Indemnity Insurance Company in this case involving a flood insurance claim. The lawsuit was filed after the plaintiff collected $90,000 on his flood insurance policy from Fidelity National Insurance following Hurricane Sandy. Months later, the plaintiff claimed $230,000 in additional losses. Fidelity denied coverage for the additional claim and responded to the plaintiff with a "rejection of proof of loss" letter. The plaintiff filed suit for the additional amount months later, but voluntarily dismissed the claim just over a year after Fidelity sent the rejection letter. The plaintiff refiled his complaint two years after Fidelity's rejection letter.

In their summary judgment motion, Stradley Ronon's litigation team successfully argued that Fidelity's rejection letter constituted a written denial of the claim, thereby barring the plaintiff's suit under the Standard Flood Insurance Policy's one-year statute of limitations. The plaintiff appealed to the Third Circuit, arguing that the clear language in the rejection letter was not a denial and did not trigger the statute of limitations.

At oral argument, Stradley Ronon reasoned that, by failing to file an amended proof of loss or exercise any of his additional options under the contract, the plaintiff's own conduct made it clear that he considered the rejection letter to be a denial of the claim. The Third Circuit judge agreed that the suit was barred under the statute of limitations, concluding that a written rejection of a proof of loss constitutes a denial if the policyholder treats it as such by filing suit.

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