

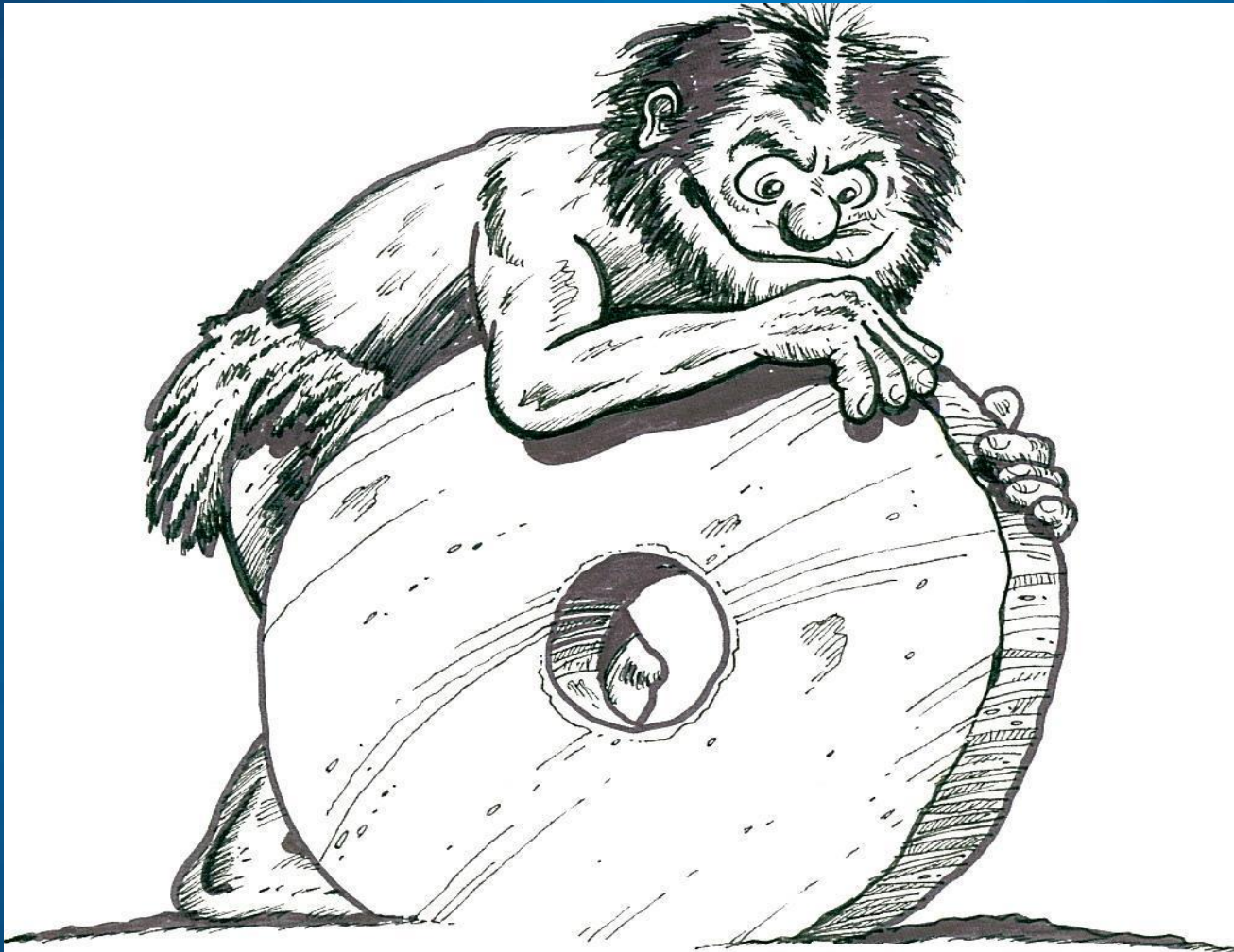


THOMPSON
COE

STOWERS TODAY,
SETTLEMENT DEMANDS,
AND SETTLEMENT RESPONSES—
MULTIPLE LAYERS, CROSSOVERS, ETC.

James N. Isbell

History of the *Stowers* Doctrine



G.A. Stowers Furniture Co.
VS
American Indem. Co.

15 S.W.2d 544
(Tex. Comm'n App. 1929)

Decided March 27, 1929

***American Physicians
Insurance Exchange
vs
Garcia***

876 S.W.2d 842 (Tex. 1994)

It's not always easy to read the writing on the wall



"Must be the footnotes."

Requirements of a Proper Stowers Demand

- Unconditional
- Full Release
- Within the Scope of Coverage
- Ordinary insurer would accept it

last chance
pay up
NOW
or else



Elements of the *Stowers* Doctrine

- Coverage
- Clarity of the scope of the demand
- Insurer has to have Control
- Demand within policy limits trigger duty of Insurer to act as a reasonable and prudent insurer with respect to settlement demand.

Rocor Int'l
VS.
Nat'l Un. Fire Ins. Co. of
Pittsburgh, PA,

77 S.W. 3d 253 (Tex. 2002)

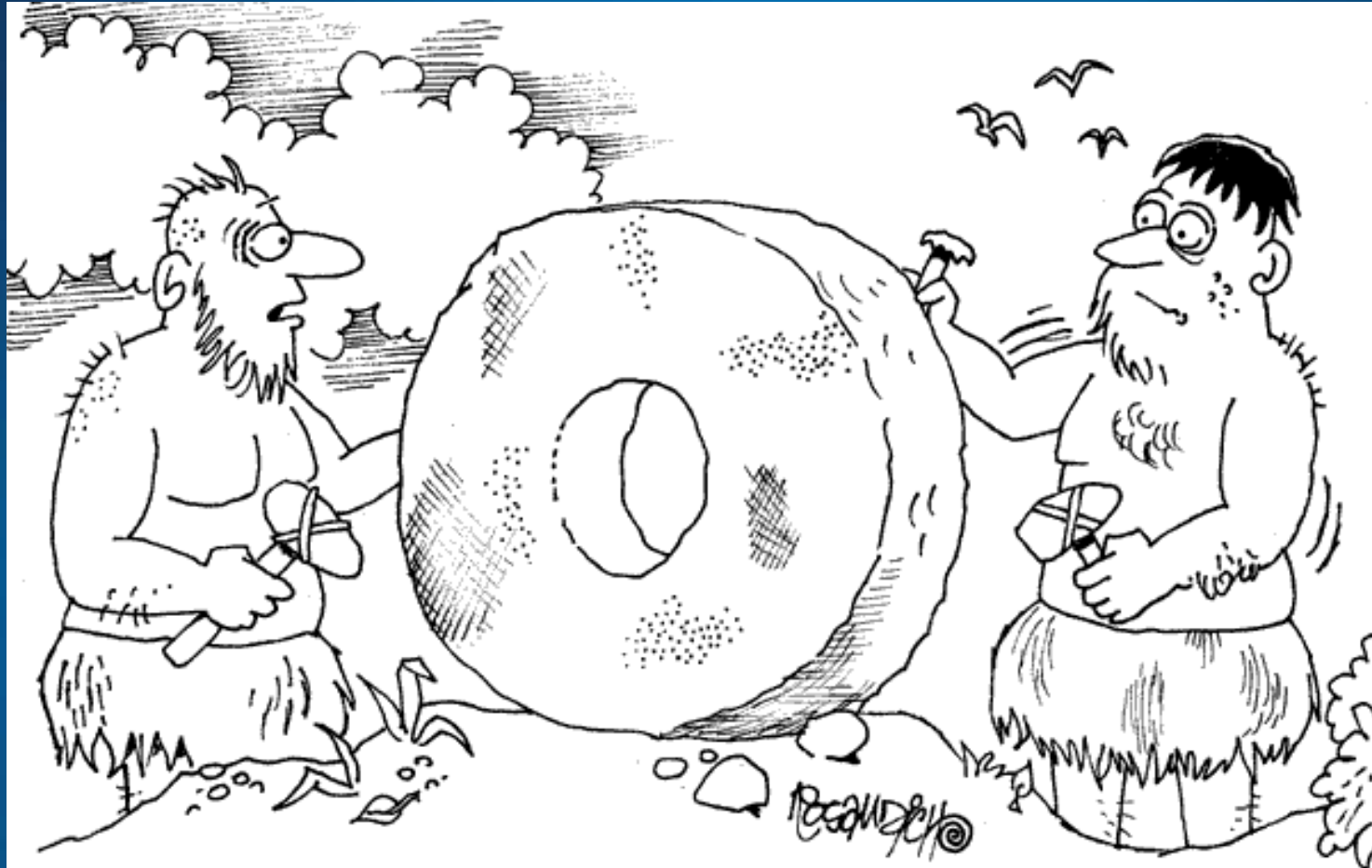
Application of the *Stowers* Doctrine



"We were close to a settlement when the insurance money ran out"

Trinity Universal Ins. Co.
vs.
Bleeker, 944 S.W.2d 672

Tex.App.—Corpus Christi 1997, *rev'd* 966 S.W. 2d
489 (Tex. 1998)



How will we ever carry it down this hill?

State Farm Lloyds
v.
Maldonado

963 S.W.2d 38 (Tex. 1998)

Texas Farmers Insurance Co.
vs.
Soriano

881 S.W.2d 312 (Tex. 1994)

Travelers Indemnity Co.
vs.
Citgo

166 F.3d 761 (5th Cir. 1999)

Duty to Settle and *First Party* Claims

- Look to the Insurance Code:



Duty to Settle and *First Party* Claims

- Acknowledge and Investigate within **15** *business* days
- Accept or Reject within **15** *business* days
- If accept, pay within **5** days
- If accept and delay for more than 60 days...

Penalties

Right to Reimbursement in Texas

***Excess Underwriters at Lloyd's,
London***

vs.

***Frank's Casing Crew & Rental
Tools,***

246 S.W.3d 42 (Tex. 2008)

Co-Insurers and Settlement Disagreements

***Mid-Continent Insurance
Company***

vs.

***Liberty Mutual Insurance
Company***

236 S.W.3d 765 (Tex. 2007)



Settlements –
Hopefully you
can avoid the
squeeze