

BAD FAITH BLOG

Eighth Circuit: Fact Issues Require Reversal of Summary Judgment In Iowa Crop Insurance Hail Loss

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Summary: Bruhn Farms Joint Venture (“Bruhn”) suffered significant hail damage to crops. Bruhn notified the insurer of the hail damage. After a month of no action, Bruhn requested and received approval to harvest the crops. By the time insurer sent adjusters to the farm, additional inclement weather had occurred. The adjusters, after spending minimal amount of time in the fields, determined the payable loss and notified Bruhn. Bruhn disagreed with the adjusted loss and refused to sign the proof of loss. The insurer sent payment for the loss without further discussion with Bruhn. Bruhn contacted his insurance agent to negotiate with the insurer. Allegedly both parties agreed to re-calculate the loss using the historical yields. The insurer notified Bruhn’s agent it was willing to pay additional funds on Bruhn’s claim. However, when Bruhn’s agent attempted to accept, the insurer alleged the claim was properly adjusted and paid.

Bruhn Farms Joint Venture v. Fireman’s Fund Insurance Company

Bruhn filed suit claiming the insurer breached the contract by mailing payment without an agreement and acted in bad faith. The insurer alleged the claim was properly adjusted and Bruhn failed to request an independent appraisal. The magistrate judge granted summary judgment to the insurer on both claims. As to the contract claim, the judge found the insurer followed the necessary guidelines in determining the amount of loss, and Bruhn failed to request an independent appraisal as required by contract. Because there was no breach of contract, the insurer’s position with respect to the claim was fairly debatable. Accordingly, the judge held the claim for bad faith failed and Bruhn appealed.

