

[Stephens v. Fireman's Fund Insurance Company](#)

Year: 2014

Court: California Court of Appeal, First District, Division One

Case Number: A135938/A136740

Insurers owe special duties to policyholders, including the duty to communicate policy requirements and settle claims fairly. Policyholders have a reasonable expectation that their policy benefits will be paid, provided they themselves comply with the requirements of the policy. In cases where the insurer prevents the policyholder from complying with a policy requirement (e.g. preventing the insured from making needed repairs within the stated time period in order to recover Replacement Cost Value), the insurer is estopped from denying coverage. UP reminded the court that estoppel is the law of the land with respect to insurance policies in California and other jurisdictions, but also a long-held principle of contract law. Update: in its November 24, 2014 decision, the California Court of Appeal First District, Division One, reversed a judgment notwithstanding the verdict that an insurer owes a duty to its insured to communicate policy requirements and settle claims fairly. In *Stephens & Stephens XII LLC v. Fireman's Fund Ins. Co.* (Case No: A135938, 2014), the Court of Appeal reversed and remanded with directions to award a conditional judgment for the insured if they complete the repairs required under the policy to recoup replacement cost, rather than actual cash (depreciated) value.

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