

TEXAS LEGAL LIABILITY ADVISOR



INFORMATION TO AVOID LIABILITY

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STOWERS LIABILITY - HOW INSURERS CAN REDUCE THE GAMBLE

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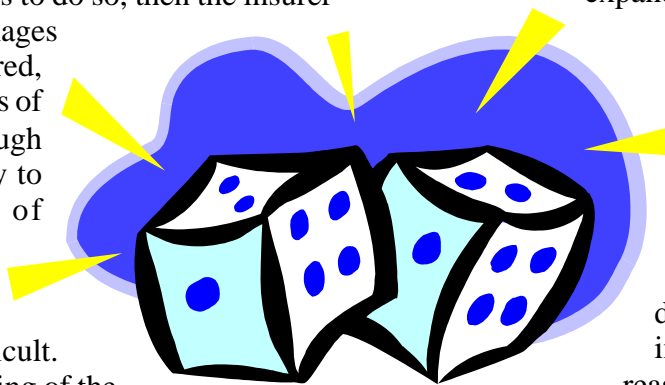
Stowers is a Texas insurance term which refers to an insurance company's responsibility to an insured when responding to a settlement demand within policy limits. Since the 1929 case of *G.A. Stowers Furniture Co. v. American Indem. Co.*,¹ Texas law has required an insurer, when confronted with a claim against an insured and a settlement demand within policy limits, to exercise that degree of care and diligence which an ordinarily prudent person would exercise in the management of that person's own business.² If an ordinarily prudent person, as viewed from the standpoint of the insured, would have settled the case, but the insurer fails to do so, then the insurer may have liability for damages awarded against the insured, including damages in excess of the policy limits.³ Although the *Stowers* concept is easy to understand, the task of analyzing the various *Stowers* issues for potential liability and response often proves difficult.

Without a good understanding of the *Stowers* issues, insurers are prone to either overpay claims out of a mistaken fear of potential *Stowers* liability, or make themselves vulnerable to actual *Stowers* liability for failing to appreciate the true risk in a given case. Insurers do not need to leave the risk of *Stowers* liability up to a game of chance as to whether the insured is going to be found liable for damages in excess of policy limits at the underlying liability trial against the insured. A prompt and prudent analysis and response to the *Stowers*

demand, can provide effective protection to an insurer even in cases where the *Stowers* demand is not accepted and the subsequent liability trial against the insured results in damages in excess of the policy limits. This article explores *Stowers* liability issues and provides a worksheet to guide attorneys and adjusters in conducting a prudent analysis of the *Stowers* demand issues.

The *Stowers* Duty

Just exactly what the *Stowers* duty entails has expanded and narrowed at different times since its inception.⁴ The most expansive the duty ever became was after the 1987 Texas Supreme Court decision in the *Guin* case, which extended the insurer's duty to the "full range of the agency relationship," including investigation, preparation for the defense of the lawsuit against the insured, trial of the case, and reasonable attempts to settle.⁵ In 1994, the Texas Supreme Court began a subtle process of curtailing the *Guin* decision by re-characterizing *Guin's* expansive duty language as dicta.⁶ Under the current *Stowers* duty, an insurer breaches the *Stowers* duty only by negligently failing to settle a claim made against its insured within policy limits.⁷ However, under the current duty, an insurer has no duty to make or solicit settlement proposals and evidence relating to an insurer's claim investigation, trial defense, and conduct during settlement



negotiations is subsidiary to the ultimate *Stowers* issue.⁸ Some Texas courts refer to this as the duty to accept reasonable settlement offers within policy limits.⁹ When a carrier breaches this duty, the risk of a judgment in excess of the policy limits is shifted from the insured to the insurer.¹⁰ That is, if an insurer fails to honor its *Stowers* duty, and the insured suffers an adverse judgment above the policy limits, then the insurer can be liable for the entire amount of the judgment even if it exceeds policy limits.

But just because an insurer refuses to pay a *Stowers* demand in a case where damages in excess of the policy limits are subsequently awarded against the insured, does not necessarily mean that the insurer will have liability for the damages in excess of the policy limits. Because a *Stowers* claim is a tort cause of action based on negligence, i.e., a negligent failure to accept a policy-limits settlement demand,¹¹ if the insurer's failure to accept the demand was not negligent, then there will be no liability for any damages in excess of the policy limits. This is the only tort duty an insurer has in the context of handling a third-party claim against an insured.¹² When an insurer breaches the *Stowers* duty, an insured has 2 years¹³ from the date the judgment in the underlying case becomes final, to assert a *Stowers* claim against the insurer.¹⁴ In such circumstances, it is not unusual for the insured's *Stowers* claim to be assigned to the prevailing plaintiff in the underlying case in exchange for Plaintiff's covenant not to execute on the judgment against the insured. However, a *Stowers* claim against an insurer belongs to the insured, and a plaintiff in the underlying case against the insured, has no standing to assert a *Stowers* claim absent an valid assignment of the claim from the insured.¹⁵

WHEN IS THE STOWERS DUTY TRIGGERED?

There are three primary elements to a settlement demand that triggers the *Stowers* duty: (1) the claim against the insured is within the scope of coverage; (2) the demand is within policy limits; and (3) the terms of the demand are such that an ordinarily prudent insurer would accept it, considering the likelihood and degree of the insured's potential

exposure to an excess judgment.¹⁶ Coverage is obviously an initial consideration because an insurer has no duty to settle a claim that is not covered under its policy.¹⁷ Second, a demand above policy limits, even if reasonable, does not trigger the *Stowers* duty to settle.¹⁸ Finally, a reasonable settlement is one that a reasonably prudent insurer would accept when considering solely the merits of the claim and the potential liability of its insured on the covered claim.¹⁹



Other considerations may also affect whether the *Stowers* duty is triggered in a particular case. First, in order to trigger the *Stowers* duty, the settlement demand must propose to release the insured fully in exchange for a stated sum of money, but may substitute words such as "policy limits" for the sum certain.²⁰ Second, the demand must take into consideration and account for any liens that exist which might prohibit a full release from being obtained if the settlement demand is accepted, such as a hospital lien.²¹ Under Texas law, when a hospital lien exists, a release is not valid unless: (1) the hospital's charges were paid in full before the execution and delivery of the release; (2) the hospital's charges were paid before the execution and delivery of the release to the extent of any full and true consideration paid to the injured individual by or on behalf of the other parties to the release; or (3) the hospital is a party to the release.²² In such a case, if the plaintiff's settlement demand does not include consideration for payment or settlement of the hospital lien, then a full release is not being offered, and no *Stowers* duty arises.²³ Third, the demand must also be an unconditional offer of settlement, such that it is not conditioned on some other event, and gives the insurer a reasonable opportunity to accept the offer.²⁴ Finally, the insurer must be given a reasonable amount of time to consider and respond to the offer.²⁵ Exactly how much time is required is an open question, but fourteen days has been held to be an adequate period of time.²⁶

COVERAGE ISSUES

Over the last several years, the Texas Supreme Court has made clear that when an insurer is asked to defend an insured against a liability claim, the insurer

must either accept coverage or make a good faith effort to resolve coverage before resolution of the Plaintiff's claim against the insured.²⁷ Because the insurer is in the business of analyzing and allocating risk, the insurer is in the best position to assess the viability of its coverage position. The risk is on the insurer to resolve all coverage issues promptly.²⁸ Accordingly, in a recent case, the Texas Supreme Court held that absent a specific policy provision or agreement to the contrary, an insurer who had not resolved the coverage issues before funding a settlement, cannot later assert a claim against the insured for reimbursement of the settlement monies paid on behalf of the insured.²⁹ The duty placed on an insurer because of a *Stowers* demand makes the early resolution of coverage issues even more critical. In cases where a *Stowers* demand is possible or anticipated, the insurer usually has an opportunity to resolve coverage issues before actually receiving the demand. Leaving a serious coverage issue unresolved until a *Stowers* demand is received, usually means that it is too late to obtain a judicial determination of the insurer's obligations to the insured before a response is due on the Plaintiff's demand. In such a case, the insurer can only rely on, and at a minimum should have already requested and received, an attorney's written coverage opinion as to whether a particular claim is covered. In cases where significant limits are involved, the failure to resolve coverage issues early, unnecessarily adds another element of uncertainty to an insurer's already complicated task of responding to a *Stowers* demand. Therefore, anytime an insurer is faced with a potential policy limits case, the best course of action is to identify and resolve all coverage issues as early as possible.

DETERMINING POLICY LIMITS

In many cases, the declarations sheet of the applicable insurance policy will indicate the policy limit for an occurrence in question. However, determining policy limits may prove more difficult in several situations, including: (1) when multiple claimants or claims arise from a single occurrence, (2) when claims from a single occurrence are made against multiple insureds under the same policy; (3)

when a continuous occurrence invokes multiple policies; or (4) when previous unrelated claims are made under the same policy and policy period. One problem in determining the policy limit is where a single occurrence gives rise to multiple claims. Texas law permits an insurer, when faced with a settlement demand arising out of multiple claims from the same occurrence and inadequate insurance proceeds, to enter into a reasonable settlement with one of the several claimants, even though such settlement exhausts or diminishes the insurance proceeds available to satisfy other claims.³⁰ Accordingly, the amount of available insurance for a subsequent claim arising out of the same occurrence may be reduced or even eliminated by the payment of a prior claim, and likewise, can affect the application of the *Stowers* duty. The same basic rule applies in a multi-insured case, when there are two or more insureds covered by the same policy and who face potential liability for the same incident.³¹ In this situation, an insurer can make a reasonable settlement on behalf of one of the insureds, even though such settlement reduces or eliminates coverage for another insured under the same policy.³² The general rule, therefore, is that each claim against each insured is to be evaluated on its own

merits, and if it is reasonable for an insurer to accept a settlement demand, even though it reduces or eliminates coverage for other claimants or other insureds, then the insurer can do so without regard to such other claims.

Special rules apply to cases which involve a continuous occurrence that triggers multiple consecutive policies.

The Texas Supreme Court has determined that consecutive policies covering distinct policy periods, cannot be stacked to multiply coverage for a single claim involving an indivisible injury.³³ Simply because the occurrence of a claim extends throughout several policy periods, does not mean that the per occurrence indemnity cap of every policy period is implicated to satisfy the claim.³⁴ In a situation where a single occurrence triggers multiple policies over multiple policy periods, with differing per occurrence limits, the limit of insurance available to satisfy the claim is whatever limit applied at the



single point in time during any of the covered periods under the triggered policies, when the coverage limit available to the insured was the highest.³⁵ Once that applicable limit is identified, all insurers whose policies are triggered must allocate funding of the indemnity limit among themselves according to their subrogation rights.³⁶ The one Texas appellate court that has considered this issue held that while an insured's indemnity amount may not be calculated by stacking, the allocation of each insurer's percentage of responsibility for the satisfaction of the Plaintiff's claim must be determined by dividing the policy limit of that insurer's policy by the sum of all implicated policies added together.³⁷ For example, if insurer A has a policy with per occurrence limits of \$1,000,000 for year one, while insurer B has a policy B with per occurrence limits of \$100,000 for year two, the total of the policy limits is \$1,100,000. However, the limits available to satisfy a single continuous occurrence that implicates both policies is only \$1,000,000. Insurer B's percentage responsibility for satisfaction of the claim is determined by taking its policy limit and dividing by the sum of policies (\$100,000 divided by \$1,100,000 = 1/11) to get an overall percentage responsibility of 9% towards satisfaction of the claim.³⁸



Finally, in some cases, the aggregate limit of a policy may be applicable. The aggregate limit is the most the carrier is obligated to pay for separate occurrences during one policy period. In cases where the aggregate limit is applicable, depending on what has previously been paid out for unrelated claims, the policy limit for the occurrence at issue may be less than the stated per occurrence limit.

REASONABLE SETTLEMENT

Perhaps the most difficult part of analyzing a *Stowers* demand, is determining whether it is reasonable to accept a given settlement demand. This determination must be made by considering solely the merits of the claim and the potential liability of the

insured for the claim.³⁹ Once a *Stowers* demand is received by an insurer, defense counsel should be asked to prepare an evaluation of the case against the insured, which includes opinions on the percentage chance of liability and the possible range of damages for each claim. Provided with this edition of the ADVISOR is The TEXAS "STOWERS" LIABILITY WORKSHEET which can be used as a guide in evaluating a *Stowers* demand. Side B of the Worksheet provides a framework for analyzing the reasonableness of accepting a settlement demand within policy limits. The completed worksheet can assist an adjuster in determining whether it is appropriate to settle a particular claim for the stated demand. The completed worksheet can also be maintained in the file as evidence of the prudent evaluation the insurer gave the demand, if and when the insurer's response to the demand is ever questioned in a subsequent *Stowers* case.

EXCESS INSURANCE AND SELF-INSURED RETENTION ISSUES

Despite the passage of over 70 years since the inception of the *Stowers* duty, several issues relating to excess insurance still remain unanswered, and therefore, special care should be taken in dealing with excess issues in the *Stowers* context. One of the only answered issues is the right of an excess insurer, under the principles of equitable subrogation, to bring a *Stowers* action against the primary carrier for breaching the *Stowers* duty and exposing the excess carrier to liability that would not have occurred had the primary carrier settled the case within policy limits.⁴⁰ While a primary carrier has no duty to consider a demand that is not within its policy limits,⁴¹ no Texas court has yet answered the question of whether a *Stowers* duty arises if the primary and excess policies are issued from the same carrier and the demand is above the primary policy limits but within the limits of the excess policy. Similarly, a 1998 Texas Supreme Court opinion seems to have left open the question of whether a carrier has a *Stowers* duty when faced with a demand above policy limits and the insurer has actual knowledge that the insured has made an unconditional offer to pay the excess portion of any such demand above policy limits.⁴² Another area that can be

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THE TEXAS "STOWERS" LIABILITY WORKSHEET*

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SIDE A
Is It Stowers?

INSTRUCTIONS: Fill in the information as requested, starting with Step 1. As you proceed through worksheet, recommendations are provided based on the responses given. If this sheet is being used to assess the appropriateness of making a *STOWERS* demand, counsel should direct discovery to the Defendant which will answer the information required in Step 2. Responses to *STOWERS* demands typically require the involvement of all persons on the defense team for input and recommendations.

Claimant(s): _____ **Claim #:** _____

Insured: _____ **Date of Incident:** _____ **Adjuster** _____

1. DEMAND RESPONSE INFORMATION

- A. Amount of Demand: \$ _____
- B. Date Demand made : _____
- C. Date Demand received: _____
- D. # of Days given to respond to Demand: _____
- E. ***Date response to demand is due:*** _____
- F. Do you have enough information to reasonably assess *Stowers* demand? G Yes G No
- I. If No, what information is needed? _____

ii. *If No, consider whether it is appropriate to advise Plaintiff's counsel of information needed to reasonably assess claims and demand.*

2. IDENTIFY THE POLICY LIMITS APPLICABLE TO THE CASE

\$ _____

To answer this consider the following:

- A. Does the claim arise out of a continuing occurrence which causes an indivisible injury; triggering more than one insurance policy or period? Is so, identify the highest single amount of coverage for any one of the triggered policy periods. This is the policy limit applicable to the claim.
- B. Have there been any other claims arising out of the same occurrence which have already been paid from the same policy? If so, identify what amount remains from the policy limits after the payment of the other claims.
- C. Have any other claims arising out of different occurrences during the same policy period been paid by the insurer such that the amount of coverage available to satisfy the current claim is less than the stated per occurrence limit? If so, indicate remains of the aggregate limit under the policy.

3. KEY QUESTIONS. If an answer to any of the following questions is "No", then the demand does not likely give rise to potential *Stowers* Liability. If you are unsure as to any particular answer, seek help. If the Answer to question 3A is unknown, seek coverage opinion immediately. If all answers to questions below are yes, not applicable, or you don't know the answer, then complete SIDE A and SIDE B of this Worksheet.

- | | YES | NO |
|--|------------|-----------|
| A. Is any part of any claim pled against insured covered under policy?
<i>If unknown - get coverage opinion.</i> | G | G |
| B. Is demand (Step 1A) the same as or less than applicable policy limits (Step2)? | G | G |
| C. Does demand offer to release insured(s) fully from all claims? | G | G |
| D. Is demand unconditional offer of settlement? | G | G |
| E. In case alleging personal injuries where hospital lien(s) exist(s), does demand include settlement of any applicable hospital lien? | N/A | G |
- Identify other liens that may exist that should be also be considered: _____

4. SELF-INSURED RETENTION AND ISSUES RELATED TO DEMAND ABOVE PRIMARY INSURANCE

- A. Does the insured have a self-insured retention (SIR)? G Yes G No Amount: \$ _____
- B. Has the insured tendered the SIR? G Yes G No
NOTE: When applicable and self-insured retention has not been tendered, consultation with insured regarding coordinated response to demand is necessary.
- C. Other situations which require careful consideration :
 - i. Any demand above the primary policy limits, where the primary insurer is advised that excess carrier or insured is willing to pay the amount of the demand in excess of the primary limit.
 - ii. Where insurer has both primary and excess policies covering insured on the claim.
- D. Note any special situation that needs legal counsel review or further discussion with insured: _____

THE TEXAS "STOWERS" LIABILITY WORKSHEET*

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SIDE B
Evaluation

5. **CASE EVALUATION - REASONABLENESS OF ACCEPTING STOWERS DEMAND.** Evaluations of liability and damages as to each claim against the insured(s) should be obtained from defense counsel once a *Stowers* demand is received. Additionally, defense counsel should be asked for evaluations of any potential joint and several liability.

A. IDENTIFY:	CLAIMS PLEAD AGAINST INSURED	RANGE OF % CHANCE OF LIABILITY	COVERED UNDER POLICY?
1. _____		% _____ - _____	G Yes G No
2. _____		% _____ - _____	G Yes G No
3. _____		% _____ - _____	G Yes G No
4. _____		% _____ - _____	G Yes G No
5. _____		% _____ - _____	G Yes G No
6. _____		% _____ - _____	G Yes G No

B. Considering all covered claims, what is the range of damages that may potentially be found against insured if case goes to trial : \$ _____
Make sure to consider all elements of damages that may be recoverable including: punitive damages if covered under policy, interest, attorney's fees, joint and several liability, and treble damages if applicable.

C. Considering all covered claims, what is the range of percentage chance the insured will be found liable for any damages above policy limits? _____% - _____%

D. Determine if it is more likely than not, that the insured will be found liable for damages above policy limits? (Is any part of the range found in 4C above, more than 51%?) G Yes G No

Guide: In situations where insured is given valid STOWERS demand within policy limits, and it is later found that Insurer did not act reasonably in the rejection of the demand, the insurer can be held liable for all damages found against insured, even those above policy limits. In this worksheet 50% is offered as a guide to determine the reasonableness of accepting the offer. If the answer to this question is YES, consider carefully the offer, and lean towards acceptance of the offer. If the answer is NO, then lean towards not accepting policy-limits settlement demand.

E. Based on above considerations, is acceptance of this *STOWERS* settlement offer reasonable based on potential liability and damages that may be awarded against the Insured?
G Yes G No Explain special considerations: _____

6. **COMMUNICATION WITH INSURED** - Indicate Insured's preference regarding policy limits settlement and value of claim: _____

problematic in the *Stowers* context is when the insured has a self-insured retention. Whenever insurers are confronted with problems involving these issues, consultation with legal counsel is usually advisable.

RECOMMENDATIONS



Insurers can minimize the risk of *Stowers* liability by doing the following: 1) promptly identify and resolve all coverage issues as soon as possible in any potential policy limits case; 2) upon receipt of the

Stowers demand, ask defense counsel to prepare a liability and damages evaluation on all claims; 3) calendar response deadlines; 4) have defense counsel clear up, in writing, any ambiguity in Plaintiff's demand letter; 5) if further discovery is needed to adequately evaluate claim, consider pros and cons of communicating such to Plaintiff's counsel; 6) communicate with insured regarding the demand review process and get the insured's input on value of claim and preference regarding acceptance of Plaintiff's demand; 7) carefully evaluate demand and consider reasonableness through written evaluation of the claims such as with the worksheet provided in this article; 8) timely respond to Plaintiff's counsel with a formal courteous response to the settlement demand; 9) document in the claim file all efforts undertaken to evaluate and consider *Stowers* demand. For plaintiffs seeking to invoke the *Stowers* duty on an insurer the following should be done: 1) through written discovery, identify policy limits applicable to case and all reservations of rights correspondences sent to the insured; 2) prepare thoughtful and unambiguous written demand for a stated sum within policy limits or for "policy limits" that involves at least one covered claim and which a reasonable insurer should accept; 3) offer full and complete release of all claims against insured; 4) do not make the offer conditional; 5) in personal injury actions, account for and include settlement of all hospital liens in demand, if applicable; and 6) provide Defendant with a reasonable amount of time to consider and respond to the demand of not less than 14 days.

Notes

¹ 15 S.W.2d 544, 547 (Tex.Comm'n App.1929, holding approved).

² See American Physicians Ins. Exchange v. Garcia, 876 S.W.2d 842, 848 (Tex.1994);

³ See *Stowers*, at 547.

⁴ See Chancey v. New Amsterdam Cas. Co., 336 S.W.2d 763, 765 (Tex. Civ. App.—Amarillo 1960, writ ref'd n.r.e.)(duty to settle implies the duty to negotiate because the two duties cannot be separated); Globe Indem. Co. v. Gen-Aero, Inc., 459 S.W.2d 205, 208 (Tex. Civ. App.—San Antonio 1970, writ ref'd n.r.e.)(numerous factors need to be considered in consideration of carrier's negligence including opportunities to settle, failure to carry on negotiations or make counteroffers, and failure to investigate); Wood Truck Leasing, Inc. v. Amer. Auto Ins. Co., 526 S.W.2d 223, 225 (Tex. Civ. App.—San Antonio 1975, no writ)(*Stowers* liability can be based on negligent investigation).

⁵ See Ranger County Mut. Ins. Co. v. Guin, 723 S.W.2d 656, 659 (Tex. 1987).

⁶ See American Physicians Ins. Exchange v. Garcia, 876 S.W.2d 842, 848 (Tex.1994).

⁷ See Texas Farmers Ins. Co. v. Soriano, 881 S.W.2d 312, 314 (Tex.1994); *Stowers*, 15 S.W.2d at 547-48; see also In the matter of Segerstrom, 247 F.3d 218, 228 (5th Cir. 2001).

⁸ See Garcia at 849; Birmingham Fire Ins. v. American Nat'l Fire, 947 S.W.2d 592, 597 (Tex. App.—Texarkana 1997, writ denied)(insurer has no other duty to undertake actions often required for negotiation, such as making a counteroffer).

⁹ See Insurance Corp. of America v. Webster, 906 S.W.2d 77, 79 (Tex. App.—Houston [1st Dist.] 1995, writ denied).

¹⁰ See *id.* at 80; see also Garcia at 849.

¹¹ See *Stowers* at 547; A *Stowers* claim requires both an insurer's negligent failure to settle, and subsequent harm or legal injury to the insured. In re Davis, 253 F.3d 807, 810-811 (5th Cir.2001).

¹² See Maryland Insurance Co. v. Head Industrial Coatings and Services, Inc., 938 S.W.2d 27, 28 (Tex.1996). Insurers are also subject to the duties of the insurance contract and statutory duties under the Texas Insurance Code. See Rocor Int'l, Inc. v. National Union Fire Ins. Co. of Pittsburgh, Pa., 995 S.W.2d 804 (Tex. App.—San Antonio 1999, writ granted).

¹³ See Amer. Centennial Ins. Co. v. Canal Ins. Co., 810 S.W.2d 246, 254 (Tex. App.—Houston [1st Dist.],1991, *aff'd in part, rev'd in part on other grounds*, 843 S.W.2d 480 (Tex. 1992).

¹⁴ See Street v. Hon. Second Ct. of Apps., 756 S.W.2d 299, 301 (Tex. 1988).

¹⁵ See Whatley v. City of Dallas, 758 S.W.2d 301, 307 (Tex. App.—Dallas 1988, writ denied); Becker v. Allstate Insurance Company, 678 S.W.2d 561 (Tex. App.—Houston [14th Dist.] 1984, writ ref'd n.r.e.). Note that an assignment of a *Stowers* claim is invalid if: 1) it is made prior to an adjudication of plaintiff's claim against the insured in a fully adversarial trial; 2) the insurer has tendered a defense; and 3) either (a) the insurer has accepted coverage, or (b) the insurer has made a good faith effort to adjudicate coverage issues prior to the adjudication of plaintiff's claim. See State Farm Fire & Cas. Co. v. Gandy, 925 S.W.2d 696, 714 (Tex.1996).

¹⁶ See State Farm Lloyds Ins. Co. v. Maldonado, 963 S.W.2d 38, 41 (Tex. 1998); see also Garcia at 849.

¹⁷ See Garcia at 848.

- ^{18.} See Maldonado at 41.
- ^{19.} See Soriano at 316.
- ^{20.} Garcia, 876 S.W.2d at 848-49.
- ^{21.} See Trinity Universal Ins. Co. v. Bleeker, 966 S.W.2d 489, 491 (Tex. 1998).
- ^{22.} TEX. PROP. CODE § 55.007(a).
- ^{23.} See Bleeker, 966 S.W.2d at 491.
- ^{24.} See Ins. Corp. of America v. Webster, 906 S.W.2d 77 (Tex. App.--Houston [1st Dist.] 1995, writ denied).
- ^{25.} See Charter Roofing Co., Inc. v. Tri-State Ins. Co., 841 S.W.2d 903, 905 (Tex. App.--Houston [14th Dist.] 1992, writ denied).
- ^{26.} See Allstate Ins. V. Kelly, 680 S.W.2d 595, 608 (Tex. App.--Tyler 1984, writ ref'd n.r.e.).
- ^{27.} See Texas Ass'n. of Counties County Gov't Risk Management Pool v. Matagorda County, 52 S.W.3d 128, 135 (Tex. 2000); Farmers Texas County Mut. Ins. Co. v. Griffin, 955 S.W.2d 81, 84 (Tex.1997); State Farm Fire & Cas. Co. v. Gandy, 925 S.W.2d 696, 714 (Tex.1996).
- ^{28.} See Texas Ass'n of Counties County Gov't Risk Management Pool v. Matagorda County at 135.
- ^{29.} *Id.*
- ^{30.} See Soriano at 315.
- ^{31.} See American States Ins. Co. v. Arnold, 930 S.W.2d 196, 202-03 (Tex. App.--Dallas 1996, writ denied); Travelers Indem. Co. v. Citgo Petroleum Corp., 166 F.3d 761, 768 (5th Cir. 1999).
- ^{32.} *See id.*
- ^{33.} See Garcia, 876 S.W.2d at 853.
- ^{34.} *Id.*

- ^{35.} *See id.* at 855.
- ^{36.} *Id.*
- ^{37.} See CNA Lloyds of Texas v. St. Paul Ins. Co., 902 S.W.2d 657 (Tex. App.--Austin 1995, writ dismissed).
- ^{38.} *See id.*
- ^{39.} See Soriano at 316.
- ^{40.} See American Centennial v. Canal, 843 S.W.2d 480, 483 (Tex. 1992).
- ^{41.} See Westchester Fire Ins. Co. v. American Contractors Ins. Co. Risk Retention Group, 1 S.W.3d 872, 874 (Tex. App.--Houston [1st Dist.]1999, no writ).
- ^{42.} See Maldonado, 963 S.W.2d at 41.



Mark Courtois is a partner at the Houston law firm of FUNDERBURK & FUNDERBURK, LLP. He is a civil trial lawyer who counsels and represents individuals, businesses, and insurance companies in litigation matters. He can be reached at 713-620-7226 or Courtois@Neosoft.com.

TEXAS LEGAL LIABILITY ADVISOR
 FUNDERBURK & FUNDERBURK, LLP
 2777 Allen Parkway, Suite 1000
 Houston, Texas 77019

TO:

INSIDE:

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