

Case Law Note: Two-year Policy Limitation on Bringing Suit Upheld

Two-year policy limitation on bringing suit upheld: Chase v. Nationwide Mutual Fire Insurance Company, Case No. 2015-368-A (Rhode Island Supreme Court, May 23, 2017).

Plaintiff Eric Chase submitted a claim to his insurer Nationwide Mutual Fire Insurance Company for extensive interior and exterior damage caused to his property in Newport. Nationwide accepted the claim, authorized plaintiff to repair the property and authorized a partial release of funds for the same. The funds released were insufficient and plaintiff demanded an additional release of funds, which was refused. Almost four years later, plaintiff attempted to invoke the policy's appraisal provision. Nationwide rejected plaintiff's demand for an appraisal citing to the passage of time and that plaintiff had failed to provide documents demanded by the insurer under the policy in violation of plaintiff's commitments under the policy. More than seven months later, plaintiff sued Nationwide for breach of contract. Nationwide sought dismissal of the case, relying on two provisions of the policy: (1) that policyholders must comply with the reasonable demands by Nationwide for records and documentation and (2) that no action may be brought by policyholder outside of two years from the date of loss and absent full compliance with the policy. Finding that plaintiff sued four years and four months after his admitted date of loss, the Superior Court entered judgment for Nationwide and plaintiff timely appealed.

The Rhode Island Supreme Court affirmed its prior holdings that limitation periods in contracts that are less than the legislatively enacted statute of limitation periods will be upheld, absent evidence that the insurer by its statements and conduct lulled a claimant into the belief that a settlement would be reached, thus inducing a late filing, or that the insurer had intentionally continued and prolonged the negotiations in order to cause the claimant to let the limitation period pass without filing suit. Because plaintiff did not plead facts to support an argument that Nationwide should be equitably estopped from enforcing the two-year limitation period and had undeniably failed to sue within the two-year period specified by the policy, the Supreme Court upheld the judgment in Nationwide's favor.

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