

BAD FAITH BLOG

Court of Appeals Interprets 2018 Amendments to Missouri's Interpleader Statute

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In *Garrison Property & Casualty Ins. Co. v. McWhirt*, WD84612, -- S.W.3d -- (Mo. App. W.D. Aug. 2, 2022), the Missouri Court of Appeals, Western District, recently interpreted 2018 amendments to Missouri's interpleader statute, R.S.Mo. § 507.060. For a summary of the amendments, please refer [here](#).

At issue in *McWhirt* was Garrison Property & Casualty Company's ("Insurer") interpleader of coverage limits on an auto policy in relation to a multi-car accident. The Insurer initiated the interpleader action under Mo. R. Civ. P. 52.07 and § 507.060 after receiving a demand from one of the claimants seeking payment "within the limits of all available coverages in exchange for a release of your insured." In the interpleader action, the Insurer requested an order discharging the Insurer from all liability in connection with the subject auto policy and motor vehicle accident. The Insurer timely deposited the auto policy's personal injury coverage limit per accident into the court's registry. During the course of the interpleader action, a suit for wrongful death and personal injury claims was pending against the insured.

After the policy limits were deposited, the claimants challenged the Insurer's right to relief under § 507.060.4, i.e., the statutory provision stating an insurer "shall not be liable" to any insured or claimant for any amount in excess of the insurer's "contractual limits of coverage in the interpleader or any other action." The trial court discharged the Insurer from the interpleader action but denied its request to be released from liability under § 507.060.4. The Insurer then appealed.

The appellate court affirmed the trial court's decision denying relief to the Insurer under § 507.060.4 because it did not demonstrate it satisfied the express conditions to discharge it from liability set forth in the statute. Specifically, the Insurer failed to satisfy the condition of continued provision of a good faith defense to its insured, as litigation against its insured was ongoing. The Insurer argued its inability to satisfy this express condition should be overlooked because it agreed to an order of no further liability would remain subject to the condition of a continued duty to provide a good faith defense to its insured. The appellate court rejected this argument, noting the plain language of § 507.060.4 does not contemplate a conditional declaration of no further liability. It also concluded "the presence of an actual pending claim of liability against the insurance policy directly evidences that [the Insurer] had not resolved its potential liabilities in a manner sufficient to be awarded relief from 'all liability' in equity" pursuant to § 507.060.4.

Lastly, because of the insurer's failure to demonstrate entitlement to relief, the appellate court declined to decide if § 507.060.4's phrase "shall not be liable ... for any amount in excess of the [the Insurer's] contractual limits of coverage" includes a discharge of liability for bad faith claims.