

BAD FAITH BLOG

# First-Party Bad Faith Claim Precluded Where Insurer Does not Breach Contract

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Summary: Insured's property was destroyed by fire. Homeowner's insurer denied claim based on nonrenewal of policy prior to fire loss. Mortgagee institutes foreclosure action against insured, who filed third-party action against insurer for breach of contract, bad faith refusal to pay claim, and indemnity and contribution, claiming attempt to non-renew did not comply with South Carolina law and was invalid. The trial court entered summary judgment for insurer, finding its notice of nonrenewal complied with South Carolina law. Because the nonrenewal was proper, the bad faith refusal to pay claim failed as a matter of law.

*Bank of New York Mellon Trust Company v. Grier*

The South Carolina Court of Appeals affirmed summary judgment to insurer. After concluding the insurer complied with the applicable South Carolina statute regarding notices of cancellation and nonrenewal such that no policy was in effect at time of fire loss, the Court declined to even review insurer's grant of summary judgment on insured's bad faith claim. The unstated but obvious conclusion is that a South Carolina insurer cannot commit bad faith where it did not breach duties under the policy, as a matter of law.

By Kenneth R. Goleaner

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