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The Docket: Texas Federal Court Denies Motion for Remand On Title Dispute

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The Docket is a monthly TitleNews Online feature provided by ALTA's Title Counsel Committee which reviews significant court rulings and other legal developments and explains the relevance to the title insurance industry.

Michael R. O'Donnell and Michael P. Crowley, both of the law firm Riker, Danzig, Scherer, Hyland & Perretti LLP, provided today's review of a decision by a U.S. district court in Texas addressing a case where the title insurance company brought an action seeking declaratory relief against the plaintiffs regarding the existence of an alleged title insurance policy. O'Donnell can be reached at modonnell@riker.com and Crowley can be reached at mcrowley@riker.com.

Citation: *Jury v. WFG Nat'l Title Ins. Co., 2018 WL 1912713 (N.D. Tex. Apr. 23, 2018).*

Facts: WFG National Title Insurance Company brought an action before the U.S. District Court for the Northern District of Texas seeking declaratory relief against plaintiffs regarding the existence of a title insurance policy. WFG alleged that some of the plaintiffs had engaged in some actions "consistent with an attempt to set up WFG for a claim to the policy," and, therefore, sought a judgment that it was not obligated to issue the policy. The plaintiffs separately brought a state court breach of contract action against WFG regarding the same issues. WFG removed the state action to federal court, and the court consolidated the two actions. The plaintiffs then filed a motion to remand, arguing that the court did not have jurisdiction over the actions because the amount in controversy did not exceed \$75,000. In support of their motion, they included a stipulation that they sought a maximum of \$74,999 in damages. WFG opposed the motion.

Holding: The court denied the motion, holding that it had diversity jurisdiction because the full policy amount would exceed \$75,000. The court first addressed the action brought by WFG concerning whether the company was obligated to issue a policy to plaintiffs. According to WFG, "if WFG were to acquiesce to the plaintiffs' demand, WFG would instantly open itself to a claim for \$355,000.00, the full value of the policy." The court agreed with WFG's analysis, finding the amount in controversy to be the full amount of the alleged policy at issue, which was well in excess of \$75,000. The court then analyzed the action brought by plaintiffs in state court. Although the court acknowledged that plaintiffs stipulated in their motion that they would seek a maximum of \$74,999 for their action, including attorneys' fees, this was not dispositive. The court found that they also sought specific performance under the alleged title policy, and "the fulcrum of the plaintiffs' claims—and of the entire case—is the issuance of an owner's policy of title insurance with a policy limit of \$355,000.00." As such, the court denied the motion to remand.

Relevance to the title industry: This decision serves as a reminder to members of the industry of the possibility of removing actions to federal courts when doing so would better serve their interests. In this case, although the parties only brought state law claims and plaintiffs stipulated that they were not seeking more than \$74,999 in damages, WFG still was able to remove the case and avoid a remand.

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