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Remand Required in Bad Faith Case Seeking Punitive Damages Where Insurer Argued that the Plaintiff Had Incurred \$55,000 in Medical Expenses

A Nevada federal district court remanded a bad faith case removed to federal court under diversity jurisdiction by an insurer, finding that the removing insurer had not established the \$75,000 jurisdictional minimum, despite that the complaint alleged bad faith, punitive damages and attorney's fees and the plaintiff had apparently incurred medical expenses of some \$55,000.

Masters v. American Family Insurance Company
(United States District Court, District of Nevada, March 24, 2017)
2:16-CV-02411-JAD-NJK
2017 WL 1317019

Masters sued her auto insurer, American Family, in Nevada state court after it refused to tender her \$50,000 policy limit to compensate her for injuries she sustained in an accident with an underinsured driver. She claimed injuries to her neck, back, and shoulder, and to her tissue, bones and joints, of a potentially permanent and disabling nature. The complaint sought "in excess of \$10,000" in general damages, "in excess of \$10,000" in punitive damages, plus attorney's fees and costs. American Family removed the case to federal court but Masters moved for remand, asserting that the \$75,000 amount-in-controversy requirement had not been met. In response to the motion, American Family, without citing any evidence or the complaint, argued that the plaintiff's medical expenses were \$55,562 and cited several cases for the proposition that juries could award large tort damages in excess of policy limits. The federal court granted the motion and remanded the case back to state court, concluding that American Family had not met its burden of proof to establish that the amount in controversy more than likely exceeded \$75,000.

To view the opinion, click [HERE](#).

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