

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	2:25-cv-10901-SVW-MAR	Date	March 20, 2026
Title	<i>PSY Burger, LLC v. State Farm General Insurance Company</i>		

Present: The Honorable STEPHEN V. WILSON, U.S. DISTRICT JUDGE

Daniel Tamayo

N/A

Deputy Clerk

Court Reporter / Recorder

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

N/A

N/A

Proceedings: ORDER GRANTING IN PART AND DENYING IN PART DEFENDANT’S MOTION FOR PARTIAL SUMMARY JUDGMENT [15].

Before the Court is a motion for partial summary judgment, filed by Defendant State Farm General Insurance Company (“State Farm”) on February 13, 2026. ECF No. 15. This removed case, set for trial May 12, 2026, alleges that State Farm breached an insurance agreement when it denied coverage to repair Plaintiff’s commercial property, located at 15030 Ventura Boulevard #16 in Sherman Oaks, CA (the “Property”), after the Property allegedly suffered heavy damage from tropical storm Hilary. Complaint, ECF No. 1-2. The complaint alleges two causes of action against State Farm: (1) breach of contract and (2) bad faith. In its instant motion, Defendant seeks summary judgment in its favor on the bad faith claim and Plaintiff’s request for punitive damages.

Summary judgment should be granted where “the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). The moving party “bears the initial responsibility of informing the district court of the basis for its motion, and identifying those portions of . . . [the factual record that] demonstrate the absence of a genuine issue of material fact.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). Once the moving party satisfies its initial burden, the non-moving party must demonstrate with admissible evidence that genuine issues of material fact exist. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986) (“When

Initials of Preparer DTA

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
CIVIL MINUTES - GENERAL

Case No.	2:25-cv-10901-SVW-MAR	Date	March 20, 2026
Title	<i>PSY Burger, LLC v. State Farm General Insurance Company</i>		

the moving party has carried its burden under Rule 56 . . . its opponent must do more than simply show that there is some metaphysical doubt as to the material facts.”) “On an issue as to which the nonmoving party will have the burden of proof . . . the movant can prevail merely by pointing out that there is an absence of evidence to support the nonmoving party’s case.” *Soremekun v. Thrifty Payless, Inc.*, 509 F.3d 978, 984 (9th Cir. 2007). “Conclusory, speculative testimony in affidavits and moving papers is insufficient to raise genuine issues of fact and defeat summary judgment.” *Id.*

A material fact for purposes of summary judgment is one that “might affect the outcome of the suit” under applicable law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A genuine issue of material fact exists where “the evidence is such that a reasonable jury could return a verdict for the nonmoving party.” *Id.* Although a court must draw all inferences from the facts in the non-movant’s favor, *id.* at 255, when the non-moving party’s version of the facts is “blatantly contradicted by the record, so that no reasonable jury could believe it, [the] court should not adopt that version of the facts for purposes of ruling on a motion for summary judgment.” *Scott v. Harris*, 550 U.S. 372, 380 (2007).

In this type of insurance case, bad faith can be shown either through an inadequate investigation into coverage. or an unreasonable denial of coverage.; *Egan v. Mutual of Omaha Ins. Co.*, 24 Cal.3d 809, 817 (1979) (failure to properly investigate); *Gruenberg v. Aetna Ins. Co.*, 9 Cal.3d 566, 574-575 (1973) (bad faith denial).

Here, even making every reasonable inference in Plaintiff’s favor, no reasonable jury could find that State Farm’s investigation was inadequate. It is undisputed that State Farm inspected the Property itself and retained *two* external companies to act as expert inspectors, who physically examined the damage and reported their determinations as to whether it was covered under the policy. *See* Statement of Undisputed Facts (“SUF”), ECF No. 21-1 ¶¶ 13, 19, 21, 32, 34. No reasonable jury could find that this did not constitute an adequate investigation. Moreover, it is undisputed that the first expert reported no evidence of wind damage or a storm-created opening on the flat roof. *Id.* at ¶ 22.¹ The second expert,

¹ It should be noted that Plaintiff claims to dispute this fact. However, Plaintiff’s dispute is that “Zetino was advised

Initials of Preparer DTA

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	2:25-cv-10901-SVW-MAR	Date	March 20, 2026
Title	<i>PSY Burger, LLC v. State Farm General Insurance Company</i>		

refuting specific allegations by an inspector retained by Plaintiff, reported, “we conclude that the damage to the vertical roofing along the parapet is most likely due to improper original installation and occurred prior to Tropical Storm Hilary.”² ECF No. 17-4, Ex. E, page 5. No reasonable jury could find that State Farm was unreasonable to deny Plaintiff’s claim in light of these reports. Therefore, Plaintiff cannot bring a bad faith claim against Defendant as a matter of law.

As for punitive damages, however, the Court finds it inappropriate to rule as a matter of law at this stage.

For the foregoing reasons, Defendant’s motion is GRANTED insofar as it requests summary judgment against Plaintiff on the bad faith claim. That claim is dismissed with prejudice. However, Defendant’s motion is DENIED insofar as it requests precluding a finding of punitive damages. The matter of punitive damages may be addressed at a later stage in litigation.

IT IS SO ORDERED.

not to remove the tarp from the roof where it was damaged by the wind,” which does not create a genuine dispute as to the fact that Zetino reported no evidence of wind damage or a storm-created opening on the flat roof.

² It should be noted that the report also stated, “The creases were most likely caused by past multiple and frequent elevated wind events acting on the inadequately adhered roofing over an extended period of time.” Although this does not entirely preclude the possibility that some covered wind event contributed to the damage, this Court holds that no reasonable jury could conclude that State Farm was unreasonable to conclude that under an efficient proximate cause analysis, this report (which emphasized repeatedly that the cause of damage was likely inadequately adhered roofing from improper original installation) did not find the loss to be caused by covered damage.

_____ :
Initials of Preparer DTA
