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State Farm General Insurance Company

**UNITED STATES DISTRICT COURT**

**CENTRAL DISTRICT OF CALIFORNIA – WESTERN DIVISION**

LIANA HAMPARTSOUMIAN, an  
Individual

Plaintiff,

v.

STATE FARM GENERAL  
INSURANCE COMPANY, an Illinois  
Corporation, and DOES 1 through 100,  
inclusive,

Defendants.

Case No. 2:25-cv-00404-JLS-ASx  
District Judge: Josephine L. Staton  
Magistrate Judge: Alka Sagar

**DEFENDANT STATE FARM  
GENERAL INSURANCE  
COMPANY’S NOTICE OF  
MOTION AND MOTION FOR  
SUMMARY JUDGMENT OR, IN  
THE ALTERNATIVE, PARTIAL  
SUMMARY JUDGMENT;  
MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT  
THEREOF**

*[Filed concurrently with Statement of  
Uncontroverted Facts; Declaration of  
Ellen Redmond; Declaration of Emily  
Q. Duong; Declaration of Robert A.  
Carnahan; Declaration of George  
Aguilar; and [Proposed] Order]*

Date: April 3, 2026  
Time: 10:30 a.m.  
Courtroom: 8A

Complaint Filed: December 2, 2024  
Final Pretrial Conference: July 24, 2026

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1 **TO ALL PARTIES AND THEIR COUNSEL OF RECORD:**

2 **PLEASE TAKE NOTICE** that on April 3, 2026, at 10:30 a.m., or as soon  
3 thereafter as this matter may be heard before the Honorable Josephine L. Staton in  
4 Courtroom 8A of the above-entitled court, located at 350 W. 1st Street, 10th Floor, Los  
5 Angeles, California 90012, Defendant State Farm General Insurance Company (“State  
6 Farm”) will move the Court for an Order granting summary judgment in favor of State  
7 Farm and against Plaintiff Liana Hampartsoumian (“Plaintiff”), pursuant to Rule 56 of  
8 the Federal Rules of Civil Procedure. In the alternative, State Farm will move the Court  
9 for an Order granting partial summary judgment in State Farm’s favor and against  
10 Plaintiff, on the following issues:

11 **Issue No. 1:** Plaintiff’s second cause of action for breach of the implied  
12 covenant of good faith and fair dealing fails as a matter of law because,  
13 at a minimum, a genuine dispute over coverage existed under the  
14 Policy.

15 **Issue No. 2:** Plaintiff’s third cause of action for declaratory relief fails  
16 as a matter of law because Plaintiff seeks an impermissible  
17 retrospective declaration concerning past claim handling rather than  
18 resolution of an actual, present controversy.

19 This Motion for Summary Judgment (the “Motion”) is made following the  
20 conference of counsel pursuant to Local Rule 7-3, which took place on February 25, 2026.  
21 Counsel thoroughly discussed the substance and potential resolution of the Motion. Plaintiff  
22 opposed the Motion.

23 This Motion is based on this Notice of Motion, the Memorandum of Points and  
24 Authorities below, Separate Statement of Uncontroverted Facts, Declaration of Ellen  
25 Redmond, Declaration of Emily Q. Duong, Declaration of Robert A. Carnahan,  
26 Declaration of George Aguilar, as well as the papers and records on file in this Court,  
27 all matters of which the Court takes judicial notice, and upon such other evidence,  
28

1 authority, and argument as may be presented at the hearing of this Motion.

2  
3 Dated: March 6, 2026

**FREEMAN MATHIS & GARY, LLP**

4  
5 By:

6 /s/ Emily O. Duong

7 ALBERT K. ALIKIN

8 MICHAEL B. GELFOUND

9 EMILY Q. DUONG

Attorneys for Defendant

State Farm General Insurance Company

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Plaintiff is claiming the impossible—that a dishwasher discharge hose burst—  
4 so that she can receive insurance money from State Farm to replace not only her  
5 household appliance, but most of her kitchen, as well as her dining and living room  
6 floors and walls. Plaintiff’s claim is precisely the type of incident that is excluded under  
7 the homeowner’s policy issued by State Farm.

8 After Plaintiff discovered a water leak from her dishwasher, her son, Sarkis  
9 Hampartsoumian, called a plumber to inspect the property. The plumber found that the  
10 dishwasher hose simply disconnected from the air gap beneath the kitchen sink, which  
11 lead to small amounts of wastewater to intermittently leak into the cabinet area during  
12 dishwasher cycles. The homeowner’s policy explicitly excludes coverage for seepage  
13 or leakage of water over a period of time that is continuous, repeating, gradual or  
14 intermittent, and that comes from household appliances, such as a dishwasher. Since it  
15 is undisputed that the air gap came loose, this incident is excluded.

16 State Farm’s coverage position is confirmed by its engineering and metallurgical  
17 expert, Robert A. Carnahan, who explains that a discharge hose is not under pressure  
18 or high volumes of water, and it cannot burst. If it did somehow defy the laws of  
19 physics, then the plumber would have had to replace it, which did not happen here.  
20 Rather, the plumber was able to simply secure the air gap to prevent further leaks. As  
21 such, Plaintiff’s claim was never covered under the policy, and her entire action must  
22 fail as a matter of law.

23 Even if State Farm erred in its coverage position or negligently handled the  
24 claim, which is not supported by the evidence, the genuine dispute doctrine bars  
25 Plaintiff’s bad faith cause of action. Plaintiff cannot meet her burden by establishing  
26 that State Farm did not have a reasonable basis for its coverage position, which is  
27 necessary for her to survive a summary judgment on the bad faith action.

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1 For the same reasons, Plaintiff’s declaratory relief claim also fails. Plaintiff seeks  
2 an impermissible retrospective declaration concerning past claim handling rather than  
3 resolution of any actual, present controversy regarding the parties’ rights or obligations  
4 under the policy. Because no justiciable controversy exists independent of Plaintiff’s  
5 substantive claims, summary judgment is likewise warranted on the declaratory relief  
6 cause of action.

7 **II. STATEMENT OF FACTS**

8 **A. The State Farm Policy**

9 State Farm issued a Homeowners Policy to Plaintiff, policy number 71-CL-  
10 G536-3, effective from January 31, 2023, to January 31, 2024 (the “Policy”), for a  
11 single-family home located at 7926 Melita Ave, North Hollywood, CA 91605 (the  
12 “Property”). See Statement of Undisputed Facts (“SUF”) 1. The Policy provides, in  
13 pertinent part:

14 **SECTION I – LOSSES INSURED**

15 **COVERAGE A - DWELLING**

16 *We* will pay for accidental direct physical loss to the property described  
17 in Coverage A, unless the loss is excluded or limited in **SECTION I –**  
18 **LOSSES NOT INSURED**, or otherwise excluded or limited in this  
19 policy. However, loss does not include and *we* will not pay for, any  
*diminution in value*.

20 ...

21 **SECTION I – LOSSES NOT INSURED**

22 **1.** *We* will not pay for any loss to the property described in Coverage A  
23 that is caused by one or more of the items below, regardless of whether  
24 the loss occurs abruptly or gradually, involves isolated or widespread  
25 damage, arises from natural or external forces, or occurs as a result of any  
26 combination of these:

27 ...

- 28 f. wear, tear, decay, marring, scratching, deterioration,  
inherent vice, latent defect, or mechanical breakdown;

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1           ...

2                               However, *we* will pay for any resulting loss from items a.  
3                               through k. unless the resulting loss is itself a Loss Not  
4                               Insured as described in this Section.

5           ...

6           3.    *We* will not pay for, under any part of this policy, any loss that is  
7                               caused by one or more of the items below, regardless of whether  
8                               the event occurs abruptly or gradually, involves isolated or  
9                               widespread damage, occurs on or off the *residence premises*, arises  
                              from natural or external forces, or occurs as a result of any  
                              combination of these:

10          ...

11               c.    **Water**, meaning:

12          ...

13                               (9) seepage or leakage of water, steam, or sewage  
14                               that occurs or develops over a period of time:

15   (a) and is:

16   i.    continuous;

17   ii.   repeating;

18   iii.   gradual;

19   iv.   intermittent;

20   v.    slow; or

21   vi.   trickling; and

22   (b) from a:

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- i. heating, air conditioning, or automatic fire protective sprinkler system;
- ii. household appliance; or
- iii. plumbing system, including from, within or around any shower stall, shower bath, tub installation, or other plumbing fixture, including their walls, ceilings, or floors.

*We* also will not pay for losses arising from condensation or the presence of humidity, moisture, or vapor that occurs or develops over a period of time; or

\* \* \*

*See* SUF 2.

**B. State Farm’s Coverage Position**

**i. The Incident**

Plaintiff alleges that she “discovered a substantial damage due to a burst dishwasher discharge hose at her residence on or around September 1, 2023” (the “Incident”). *See* Declaration of Emily Duong (“Duong Decl.”), ¶ 2, Exh 18, 5:10–12. That same day, Plaintiff retained counsel who made a claim under the Policy which State Farm acknowledged.<sup>1</sup> *See* SUF 3.

Also on September 1, 2023, Plaintiff’s son, Sarkis Hampartsoumian, called Roto-Rooter Plumbing & Water Clean Up to inspect the Property. *See* SUF 4. During that visit, the plumber observed that the dishwasher air gap hose, which connects to the kitchen sink drain line, had become disconnected and was leaking a small amount of

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<sup>1</sup> Plaintiff retained counsel at Mergerdorian Law Offices. *See* SUF 3.

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1 water. *Id.* He did not observe any burst pipe, rupture, or catastrophic plumbing failure.  
2 *Id.* Instead, the plumber simply reattached the hose to the drain line and secured it with  
3 a clamp. *Id.* His contemporaneous report identified the source of the loss as a leaking  
4 dishwasher discharge hose at the air gap connection. *See* SUF 5; *see also* Duong Decl.,  
5 ¶ 3, Exh. 19.

6 Also, on the day of the Incident, Plaintiff’s counsel contacted Maze Restoration  
7 Inc. (“Maze”) to perform water mitigation services at the Property. *See* SUF 9.  
8 Photographs taken by Maze on September 1, 2023 do not show signs of a sudden or  
9 large-scale inundation of water, such as standing water inside the Property. *See id.*; *see*  
10 *also* Declaration of Ellen Redmond (“Redmond Decl.”), ¶ 10, Exh. 4, Bates Numbers  
11 SF000282–SF000319, SF000351–SF000381; *see also* Declaration of Robert A.  
12 Carnahan (“Carnahan Decl.”), ¶ 6.

13 **ii. State Farm’s Investigation**

14 On September 14, 2023, State Farm issued a letter to Plaintiff that informed her  
15 of her rights and directed her to Insurance Code Section 790.034(b)(1). *See* SUF 7. The  
16 next day, on September 15, 2023, State Farm’s adjuster inspected the Property. *See*  
17 SUF 8.

18 Shortly after State Farm’s inspection of the Property, Maze removed flooring  
19 and areas of the walls in the kitchen, dining and living room area; State Farm did not  
20 authorize such work. *See* SUF 9; *see also* Redmond Decl., ¶ 10, Exh. 4, Bates Numbers  
21 SF000320–SF000339, SF000382–SF000425. Nonetheless, to further its investigation,  
22 State Farm conducted a second inspection on October 23, 2023. *See* SUF 10.

23 Over the next few months, State Farm continued investigating the claim, which  
24 included review of Maze’s invoice and a cost repair estimate from Jeff Kendall. *See*  
25 SUF 11; *see also* Redmond Decl., ¶ 12, 13, Exhs. 5, 6. On January 10, 2024, State Farm  
26 issued a letter to Plaintiff that its review was pending further examination of the claim  
27 documents. *See* SUF 12.

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1 To further evaluate whether coverage existed for the Incident, on February 5,  
2 2024, State Farm requested six months of water bills to determine if there was an  
3 increase in water usage around the time of the Incident, which Plaintiff submitted the  
4 following day. *See* SUF 13, 14. The water usage data did not reflect a sudden, isolated  
5 spike in consumption immediately preceding the reported date of loss, which would  
6 typically be expected in the event of a sudden and accidental high-volume discharge of  
7 water. *See* SUF 14.

8 **iii. State Farm’s Denial of Coverage**

9 On February 27, 2024, State Farm issued a denial letter explaining that the  
10 Incident was excluded under the Policy’s repeated seepage or leakage exclusion, based  
11 on Plaintiff’s statements, the inspections, photographs, and the plumber’s report. *See*  
12 SUF 15.

13 After State Farm denied coverage, Plaintiff’s counsel’s office contacted the  
14 plumber and instructed him to change his prior report to revise the description of the issue  
15 from a “leak” to a “burst,” which he did. *See* SUF 16. Plaintiff then demanded that State  
16 Farm reconsider the denial and accept coverage for the Incident. *See* SUF 17. State Farm  
17 considered the request, but ultimately maintained its coverage position. *See* SUF 19–  
18 22.

19 While the revised invoice states that the hose “burst (sic),” it still stated that  
20 the hose was repaired by reconnecting it to the air gap (not replaced). *See* Carnahan  
21 Decl., ¶ 4. If the discharge hose had actually burst, it could not have been repaired  
22 simply by reattaching it to the air gap. *See* SUF 18.

23 State Farm’s engineering and metallurgical expert, Robert A. Carnahan,  
24 confirms that a burst pipe did not occur, or could possibly occur. His opinion is  
25 consistent with the description of the plumber’s invoice that the dishwasher discharge  
26 hose detached (not burst) from the air gap connection. *See* SUF 26. Mr. Carnahan  
27 explains that the discharge hose is not under pressure or in high volumes of water.  
28

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1 Instead, small amounts of water would be released intermittently, only when the  
2 dishwasher was operating. *Id.*

3 Notably, Mr. Carnahan was able to identify the dishwasher as a Samsung  
4 Bespoke Dishwasher (“Dishwasher”), Model No. DW80BB707012AA, Serial No.  
5 OKD2GDATA02944P. *See* SUF 25. Samsung’s product specifications report water  
6 usage of approximately 3.2 gallons per cycle. *Id.* Thus, even if the entire volume of  
7 water used during a single cycle were discharged into the kitchen due to the  
8 disconnected drain line, the amount of water released would be limited and readily  
9 detectable. *Id.* This quantity of water would not be expected to cause significant  
10 damage if promptly addressed, but in any event would be limited since it only release  
11 a small amount of water.<sup>2</sup> *Id.*

12 The photographic evidence further confirms that the downstream end of the  
13 dishwasher discharge hose had detached from the air gap, which is consistent with the  
14 plumber repairing it by reattaching it with a new hose clamp. *See* SUF 24; *see also*  
15 Duong Decl., ¶ 5, Exh 21. In other words, the discharge hose did not burst. *See* SUF  
16 24.

17 Accordingly, Mr. Carnahan’s opinions confirm that the Policy’s CRSL  
18 exclusion applies, which is consistent with the plumber’s reports (even when it  
19 described a “burst” hose), Maze’s photographs, and documents and information  
20 provided by Plaintiff.

21 **III. LEGAL STANDARD**

22 **A. Burden of Proof for Summary Judgment**

23 Rule 56(a) of the Federal Rules of Civil Procedure provides that “[t]he court  
24 shall grant summary judgment if the movant shows that there is no genuine dispute as  
25

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26 <sup>2</sup> Further, Mr. Carnahan explains that Maze’s photographs from the date of loss do not show signs of  
27 a large-scale inundation of water, such as standing water inside the Property. *See* Carnahan Decl., ¶  
28 6.

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1 to any material fact and the movant is entitled to judgment as a matter of law.” Under  
2 Rules 56(b) and (c), summary judgment is proper “if the pleadings, depositions,  
3 answers to interrogatories, and admissions on file, together with the affidavits, if any,  
4 show that there is no genuine issue as to any material fact and that the moving party is  
5 entitled to judgment as a matter of law.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 322  
6 (1986). Material facts are those that may affect the outcome of the case. *Anderson v.*  
7 *Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A genuine issue is one in which the  
8 evidence is such that a reasonable factfinder could return a verdict for the nonmoving  
9 party. *Id.* Where the moving party does not have the burden of proof at trial on a  
10 dispositive issue, the moving party may meet its burden for summary judgment by  
11 showing an “absence of evidence” to support the non-moving party’s case. *Celotex*,  
12 477 U.S. at 325.

13 The non-moving party is required by Rule 56(e) to go beyond the pleadings and  
14 designate specific facts showing that there is a genuine issue for trial. *Id.* at 324. It  
15 cannot rely on conclusory allegations unsupported by factual data to create a triable  
16 issue of fact so as to preclude summary judgment. *Hansen v. United States*, 7 F.3d 137,  
17 138 (9th Cir. 1993), citing *Marks v. Department of Justice*, 578 F.2d 261, 263 (9th Cir.  
18 1978). A non-moving party who has the burden of proof at trial must present enough  
19 evidence that a “fair-minded jury could return a verdict for the [opposing party] on the  
20 evidence presented.” *Anderson*, 477 U.S. at 255.

21 Further, partial summary judgment “‘upon all or any part of a claim,’ is  
22 appropriate where there is no genuine dispute as to any material fact regarding that  
23 portion of the claim.” *Ten-X, Inc. v. Pasha Realty Holdings, LLC*, No. SACV 20-2004  
24 JVS (ADSx), 2022 WL 1599635, at \*2 (C.D. Cal. Apr. 5, 2022).

25 **B. Policy Interpretation Under California Law**

26 In a diversity action such as this one, the Court must apply state law in  
27 interpreting an insurance policy. *SDR Capital Management, Inc. v American Int'l*  
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1 *Specialty Lines Ins. Co.*, 320 F.Supp.2d 1043, 1046 (S.D. Cal. 2004). The interpretation  
2 of an insurance policy “is a legal rather than a factual determination.” *Congleton v.*  
3 *National Union Fire Ins. Co.*, 189 Cal.App.3d 51, 59 (1987); *see also Waller v. Truck*  
4 *Ins. Exchange, Inc.*, 11 Cal.4th 1, 18 (1995). Although insurance policies have special  
5 features, “they are still contracts to which the ordinary rules of contractual  
6 interpretation apply. . . If contractual language is clear and explicit, it governs.” *Bank*  
7 *of the West v. Sup. Ct.*, 2 Cal.4th 1254, 1264 (1992). In interpreting insurance contracts,  
8 a court must not manufacture strained constructions of policy language to impose upon  
9 an insurer a liability it has not agreed to assume. *Gunderson v. Fire Ins. Exchange, Inc.*,  
10 37 Cal.App.4th 1106, 1118 (1995).

11 **IV. LEGAL ARGUMENT**

12 **A. State Farm Is Entitled to Summary Judgment on Plaintiff’s Breach of**  
13 **Contract Claim**

14 The Policy does not cover any loss to the Property caused by seepage or leakage  
15 of water, steam, or sewage that develops over a period of time and is continuous,  
16 repeating, gradual, intermittent, slow, or trickling from a household appliance or  
17 plumbing system. California courts consistently hold that when water is released  
18 gradually over time, even if the initial plumbing failure occurred suddenly, the resulting  
19 damage is not “sudden” and is excluded under such provisions. *Finn v. Continental Ins.*  
20 *Co.* 218 Cal.App.3d 69, 72 (1990) (determining, “[n]o reasonable insured would take  
21 the policy to mean that damage is nevertheless covered if the leakage is from a sudden  
22 break in the pipe.”).

23 An insurer need not prove the exact timelines or frequency of the leakage to  
24 invoke the CRSL exclusion. *See Freedman v. State Farm Ins. Co.*, 173 Cal.App.4th  
25 957, 96–64 (2009). Courts have also rejected the argument that the CRSL exclusion is  
26 “ambiguous” because it does not say how long a leak must last in order for it to be  
27 “continuous” or how many times the leak must stop and start in order for it to be  
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1 “repeated.” *Id.* at 963. Instead, courts evaluate the surrounding circumstances,  
2 including the size of the opening through which the water leaked and the extent of  
3 resulting damage. *Id.* at 964 (examining those factors and holding “the leak must have  
4 lasted a sufficiently long time, or stopped and started sufficiently many time, to count  
5 as ‘continuous’ or ‘repeated.’”); *see also Truck Ins. Exchange v. Pozzuoli*, 17  
6 Cal.App.4th 856, 860 (1993) (determining “[a]ny continuous event, whether it be of 30  
7 years’ or 2 months’ duration, is simply not ‘sudden.’”). Indeed, “sudden” has a  
8 temporal element and does not include a gradual or ongoing discharge. *Brown v. Mid-*  
9 *Century Ins. Co.*, 215 Cal.App.4th 841, 852 (2013) (internal quotations omitted).

10 More recently, courts have found that leaks lasting even several days constitute  
11 “continuous” or “repeated” leakage rather than a sudden event. *Mojica et al. v. State*  
12 *Farm General Insurance Company*, 735 F.Supp.3d 1247, 1257 (S.D. Cal. 2024); *aff’d*,  
13 D.C. No. 3:22-cv-01997L-DDL, at \*1 (9th Cir. 2025) (determining “[g]iven the multi-  
14 day duration of the leak, the small size of the hole, and the widespread nature of the  
15 damage, that [CRSL] exclusion applies.”)

16 Here, the undisputed evidence establishes that Plaintiff’s claim falls squarely  
17 within the Policy’s CRSL exclusion. The contemporaneous plumber’s invoice dated  
18 September 1, 2023, states: “Dishwasher discharge hose was leaking. Put into air gap  
19 with replacement hose clamp. No leaks.” *See Duong Decl.*, ¶ 3, Exh. 19. The plumber  
20 observed that the dishwasher discharge hose had become disconnected and was leaking  
21 a small amount of water, and he simply resecured the hose with a hose clamp. *See SUF*  
22 *4*. He did not observe a burst pipe, rupture, or catastrophic plumbing failure. *Id.*

23 The contemporaneous plumbing invoice further confirms the limited scope of  
24 the repair. The total charge was \$250 for labor only, with no charge for replacement  
25 parts and no indication that the discharge hose was replaced. *See Carnahan Decl.*, ¶ 4.  
26 Although a later revision stated that the hose had “burst (sic)” and was repaired by  
27 reconnecting it to the air gap, the invoice still does not indicate that any hose was  
28

1 replaced. *Id.* As Mr. Carnahan explains, if the hose had actually burst, it could not have  
2 been repaired simply by reattaching it to the air gap. *See* SUF 18. Notably, the  
3 plumber’s report was revised only after Plaintiff’s counsel’s office contacted the  
4 plumber and instructed him to change the description from a “leak” to a “burst”—  
5 obviously in an attempt to have the Incident fall within coverage under the Policy since  
6 Plaintiff’s counsel knew the CRSL excluded coverage. *See* SUF 16. Plaintiff even  
7 admits that the revised plumber’s report was obtained *only after* State Farm denied  
8 coverage under the CRSL exclusion. *See* SUF 23.

9 Further, Maze’s photographs from the date of loss do not show signs of a large-  
10 scale inundation of water, such as standing water inside the Property. *See* Redmond  
11 Decl., ¶ 10, Exh. 4, Bates Numbers SF000282–SF000319, SF000351–SF000381; *see*  
12 *also* Carnahan Decl., ¶ 6. Even though the undisputed evidence showed that the  
13 dishwasher drain line had detached from the air gap connection, State Farm  
14 nevertheless requested and reviewed six months of Plaintiff’s municipal water usage  
15 records to further evaluate whether coverage could be afforded. *See* SUF 14. However,  
16 those records did not show a sudden or isolated spike in water consumption  
17 immediately preceding the reported date of loss, which further undermines Plaintiff’s  
18 claim of a sudden, high-volume discharge. *Id.*

19 Mr. Carnahan likewise confirms that the physical configuration of Plaintiff’s  
20 dishwasher drain assembly is inconsistent with a sudden burst event. Photographic  
21 evidence confirms that the downstream end of the dishwasher discharge hose had  
22 simply detached from the air gap connection. *See* SUF 24; *see also* Duong Decl., ¶ 5,  
23 Exh 21. The condition shown in the photographs is consistent with a routine  
24 reattachment using a hose clamp, not a rupture or catastrophic plumbing failure. In  
25 short, the discharge hose did not burst. *See* SUF 24. Mr. Carnahan further opines that  
26 the loss occurred when the dishwasher discharge hose detached from the air gap  
27 connection, allowing wastewater generated during dishwasher cycles to drain into the  
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1 cabinet beneath the sink rather than into the sanitary drain line. *See* SUF 26. This  
2 configuration would not produce a high-flow or pressurized release of water. Instead,  
3 water would discharge intermittently and in small quantities corresponding with  
4 dishwasher operation. *Id.*

5 Mr. Carnahan’s conclusion is further supported by the Dishwasher’s design and  
6 water usage. The Dishwasher uses approximately 3.2 gallons of water per cycle. *See*  
7 SUF 25. Even if the entirety of the water from a single cycle were discharged into the  
8 kitchen due to a disconnected drain line, the volume released would be relatively small  
9 and readily detectable, as reflected by photographs showing standing water on the  
10 kitchen floor. *Id.* Such a quantity would not be expected to cause significant damage if  
11 removed in a timely manner. *Id.*

12 Given that State Farm had no obligation to pay for the damages as the Incident  
13 was specifically not covered by the Policy, Plaintiff’s breach of contract claim must  
14 fail as a matter of law.

15 **B. Even if Contractual Benefits Are Owed, State Farm Is Entitled to Partial**  
16 **Summary Judgment on Plaintiff’s Cause of Action for Bad Faith Denial**  
17 **of Insurance Claim**

18 i. Plaintiff’s Bad Faith Action Cannot Stand Without First  
19 Establishing a Breach of Contract

20 It is well-established hornbook law that “the covenant of good faith is read into  
21 contracts in order to protect the express covenants or promises of the contract, not to  
22 protect some general public policy interest not directly tied to the contract’s purpose.”  
23 Croskey, *et al.*, Cal. Practice Guide: Insurance Litigation (The Rutter Group 1997) ¶  
24 12:45). Accordingly, a claim for bad faith against an insurer can only be maintained  
25 where there has been a breach of a contractual obligation in an insurance policy; “[i]n  
26 short, if the insurer did not breach the policy, it did not breach the implied covenant.”  
27 *Foley v. Interactive Data Corp.*, 47 Cal.3d 654, 690 (1988); *see also Waller*, Cal.4th at  
28

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1 36. A bad faith claim cannot survive unless policy benefits are due. *Love v. Fire Ins.*  
2 *Exchange*, 221 Cal.App.3d 1136, 1153 (1990); *see also Jordan v. Allstate Ins. Co.*, 148  
3 Cal.App.4th 1062, 1078 (2007) (“if there is no coverage, then any failure by Allstate  
4 to properly investigate would not have caused Jordan any damages”).

5 Because Plaintiff’s claim is excluded under the Policy, and the breach of contract  
6 action must be dismissed, the bad faith action cannot stand alone and must fail as a  
7 matter of law.

8 ii. Plaintiff’s Bad Faith Action Is Barred by the Genuine Dispute  
9 Doctrine

10 It is indisputable that State Farm handled the claim in good faith. To establish  
11 bad faith, Plaintiff has the burden to prove that: (1) benefits due under the policy were  
12 withheld and (2) the reason for withholding benefits was unreasonable or without  
13 proper cause. *Guebara v. Allstate Ins. Co.*, 237 F.3d 987, 992 (9th Cir. 2001). An  
14 insurer can show that it acted reasonably and with proper cause when it demonstrates  
15 that a genuine dispute as to coverage existed, including a dispute over the amount or  
16 extent of the insured’s claimed loss. *See Jordan*, 148 Cal.App.4th at 1072. A genuine  
17 dispute as to coverage exists, and precludes a finding of bad faith, when “the insurer’s  
18 position is maintained in good faith and on reasonable grounds.” *Wilson v. 21st Century*  
19 *Ins. Co.*, 42 Cal.4th 713, 723 (2007).

20 When an insurer has a reasonable basis for denying coverage, then it logically  
21 follows that the insurer denied in good faith thereby defeating a bad faith action against  
22 the insurer. *See Chateau Chamberay Homeowners Ass’n v. Assoc. Intern. Ins. Co.*, 90  
23 Cal.App.4th 346–47 (2001). The appellate court in *Chateau* explained:

24  
25 When there is a genuine issue as to the insurers’ liability under the policy  
26 for the claim asserted by the insured, there can be no bad faith liability  
27 imposed on the insurer for advancing its side of that dispute. [Citations  
28 omitted.] While an insurer must give as much consideration to the

1 interests of its insured as it does its own [Citations omitted.], “it is not  
2 required to disregard the interests of its shareholders and other  
3 policyholders when evaluating claims...” *Love*, 221 Cal.App.3d at 1148–  
49.

4 Bad faith claims handling requires more than a mistake or wrong coverage  
5 position; the insurer’s coverage position must have been so egregious as to evince signs  
6 of “unfair dealing.” *California Shoppers, Inc. v. Royal Globe Ins. Co.*, 175 Cal.App.3d  
7 1, 55 (1985). There must exist a conscious and deliberate act that unfairly frustrates the  
8 agreed common purposes and disappoints the objectively reasonable expectations of  
9 the other party is required for bad faith to attach. *Shamiryman v. Allstate Northbrook*  
10 *Indemn.*, 550 F.Supp.3d 838, 846 (C.D. Cal. 2021). It is well-established that  
11 negligence, sloppiness, honest mistake or poor judgment is insufficient to show bad  
12 faith. *Id.*; *see also Merritt v. Rsrv. Ins.*, 34 Cal.App.3d 858, 876, 880 (1973) (“Bad faith  
13 implies dishonesty, fraud and concealment...[N]egligence alone is insufficient to  
14 support the charge.”); *Walbrook Ins. v. Liberty Mut. Ins.*, 5 Cal.App.4th 1445, 1460  
15 (1992) (“In short, so long as insurers are not subject to a strict liability standard, there  
16 is still room for an honest, innocent mistake”). Even if an insurer is ultimately found  
17 liable for breach of contract, an insurer is not liable in bad faith if the insurer denied  
18 coverage or delayed payment of policy benefits due to a genuine dispute as to coverage.  
19 *Id.* at 347; *see also Paslay v. State Farm General Ins. Co.*, 248 Cal.App.4th 639, 652–  
20 54 (2016).

21 Indeed, the Central District recently applied the above precedent in granting  
22 summary judgment in favor of an insurance company where “[a]t most, Ms. Urquilla’s  
23 failures could potentially show ‘sloppy or negligent claims handling,’ but this does not  
24 ‘rise to the level of bad faith’ or a failure to thoroughly investigate. *Chateau*  
25 *Chamberay*, 90 Cal.App.4th at 351.” *Gershkowitz v. State Farm Gen. Ins. Co.*, No.  
26 2:21-CV-01655-SVW-E, 2021 WL 6752322, at \*13 (C.D. Cal. Dec. 29, 2021) *aff’d*  
27  
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1 23-55432 [Doc 52-1] (9th Cir. Oct. 25, 2024). Accordingly, the genuine dispute  
2 doctrine “enables an insurer to obtain summary adjudication of a bad faith cause of  
3 action by establishing that its denial of coverage, even if ultimately erroneous and a  
4 breach of contract, was due to a genuine dispute with its insured.” *Bosetti v. United*  
5 *States Life Ins.*, 175 Cal.App.4th 1208, 1237 (2009). “[A]n insurer is entitled to  
6 summary judgment based on a genuine dispute over coverage or the value of the  
7 insured’s claim only where the summary judgment record demonstrates the absence of  
8 triable issues...as to whether the disputed position upon which the insurer denied the  
9 claim was reached reasonably and in good faith.” *Wilson*, 42 Cal.4th at 724. The  
10 reasonableness of an insurer’s claims-handling conduct “becomes a question of law  
11 where the evidence is undisputed and only one reasonable inference can be drawn from  
12 the evidence.” *Chateau Chamberay*, 90 Cal.4th at 346.

13 Here, even if *arguendo* the Policy provided coverage, which it unequivocally  
14 does not, the undisputed facts establish that State Farm’s coverage determination was  
15 the product of a thorough investigation undertaken to determine whether the Incident  
16 qualified as a covered sudden and accidental discharge of water. State Farm promptly  
17 initiated its investigation, conducted two inspections of the Property, and requested and  
18 reviewed documentation necessary to evaluate the nature, timing, and duration of the  
19 alleged water event, including Maze’s photographs and estimates, the plumbing report,  
20 and municipal water usage records. *See* SUF 3, 7–15. After determining that Maze’s  
21 photographs did not reveal indicators typically associated with a one-time inundation  
22 of water, such as standing water or trapped moisture beneath the laminate flooring,  
23 State Farm obtained additional materials, including municipal water usage records, to  
24 assess whether coverage could apply under the Policy. *See* SUF 13. Specifically, the  
25 water usage data was reviewed to determine whether it reflected a sudden spike or  
26 discrete increase in consumption consistent with an abrupt plumbing failure, as  
27 opposed to a gradual, repeated, or intermittent pattern indicative of long-term seepage  
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1 or leakage. *Id.*

2 After evaluating the inspection findings, plumbing report, water usage data, and  
3 Plaintiff’s account collectively, State Farm concluded that the damage was consistent  
4 with repeated or continuous seepage or leakage occurring over a period of time, rather  
5 than a single, abrupt discharge. *See* SUF 15. State Farm communicated its coverage  
6 position in writing and ultimately reaffirming its decision when no new information  
7 altered its analysis. *See* SUF 17–22. At minimum, this record demonstrates that State  
8 Farm gathered and analyzed evidence specifically to determine whether coverage could  
9 apply, thereby establishing a genuine dispute as to coverage.<sup>3</sup>

10 Plaintiff may attempt to characterize State Farm’s claim handling as  
11 unreasonable by pointing to the length of the investigation or the involvement of  
12 multiple adjusters. However, routine reassignment of adjusters and continued  
13 information-gathering during an active investigation do not constitute bad faith or  
14 unreasonable delay, particularly where, as here, the insurer continues to communicate  
15 with the insured, request information, conduct inspections, and reevaluate the claim  
16 based on newly submitted materials. *See Maynard v. State Farm Mut. Auto. Ins. Co.*,  
17 499 F.Supp.2d 1154, 1164 (2007) (finding that “using multiple claims adjusters” on a  
18 claim is an insufficient argument to constitute bad faith was an insufficient argument  
19 because "while using multiple adjusters may not be the best business practice, sloppy  
20 claims handling on State Farm's part does not constitute bad faith").

21  
22  
23 <sup>3</sup> State Farm anticipates that Plaintiff will argue bad faith based on the assertion that a coverage  
24 determination was not issued within 40 days. Plaintiff is wrong. While California regulations require  
25 insurers to respond to claims within certain timeframes, they permit an insurer to extend its  
26 investigation where additional time is reasonably necessary, so long as the insurer provides written  
27 status updates explaining the need for continued investigation. Here, the undisputed record shows that  
28 State Farm continued its investigation, conducted two inspections, reviewed documentation, and  
provided updates to Plaintiff throughout the claims process. Accordingly, even if the investigation  
extended beyond 40 days, these facts demonstrate that State Farm acted reasonably, maintained active  
communication, and did not engage in any unreasonable delay or bad faith.

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1 Plaintiff, likewise, cannot establish that State Farm engaged in the type of  
2 prolonged, unjustified delay required to support a bad faith claim. California courts  
3 find unreasonable delay only where insurers engage in extended periods of unjustified  
4 inaction, such as year-long delays and administrative stalling, not where, as here, the  
5 insurer continues to investigate, communicate, and adjust the claim. *See McCormick v.*  
6 *Sentinel Life Ins. Co.*, 153 Cal.App.3d 1030, 1039–40, 1048 (1984) (holding that a  
7 year-long delay in processing a disability claim could constitute bad faith where the  
8 insurer’s failure to pay benefits led to the insured’s loan default and repossession of the  
9 truck securing the loan); *contrast Blake v. Aetna Ins. Co.*, 99 Cal.App.3d 901, 922  
10 (1979) (finding an insurer’s delay was reasonable where “Aetna never denied the claim,  
11 but persisted in seeking information essential to a determination of its merits. This is  
12 not an instance where the insurer withheld or threatened to withhold payments  
13 unreasonably for the purpose of injuring the insured by depriving him of the benefits  
14 of the policy”).

15 Indeed, this case closely parallels *Gershkowitz v. State Farm General Insurance*  
16 *Co.* There, as here, the insurer conducted inspections, considered the available  
17 evidence, such as water bills, communicated with the insured, and denied coverage  
18 based on a reasonable interpretation of the facts and policy language. *See Gershkowitz*,  
19 WL 6752322, at \* 2–4, 12–13. Critically, the *Gershkowitz* court rejected the plaintiff’s  
20 attempt to manufacture bad faith by pointing to investigative steps that were either  
21 impractical or speculative. *Id.* at \*12–13. There, the plaintiff argued that State Farm  
22 failed to determine the rate or volume of the leak, perform pressure testing, or retain  
23 additional experts. *Id.* at 12. The court held that these alleged shortcomings did not  
24 support bad faith because the leak had already been repaired before the claim was  
25 reported. *Id.* The court further explained that the insurer’s decision not to retain a  
26 plumber did not evidence bad faith where there was no indication that a plumber could  
27 have investigated the loss any differently or more thoroughly than the insurer had  
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1 already done. *Id.* at 13.

2 The same reasoning applies here. Plaintiff reported the loss after the dishwasher  
3 leak had already been addressed, thus, limiting State Farm’s ability to recreate  
4 conditions or perform hypothetical testing regarding flow rate or water volume. State  
5 Farm nevertheless conducted two inspections, reviewed plumbing reports,  
6 photographs, water usage records, and requested additional information in an effort to  
7 evaluate the claim. *See* SUF 7–15. At most, Plaintiff alleges disagreement with State  
8 Farm’s evaluation of the loss, which is insufficient to support a claim for bad faith. The  
9 record is devoid of any evidence to satisfy Plaintiff’s burden that State Farm  
10 consciously and deliberately took action to deprive Plaintiff of Policy benefits. Even if  
11 *arguendo* State Farm’s adjusters negligently handled the claim, which is not supported  
12 by any evidence, the genuine dispute doctrine bars Plaintiff’s bad faith action.

13 Accordingly, Plaintiff’s bad faith claim is barred by the genuine dispute doctrine  
14 and fails as a matter of law.

15 **C. State Farm Is Entitled Partial Summary Judgment on Plaintiff’s**  
16 **Declaratory Relief Cause of Action**

17 Plaintiff’s third cause of action for declaratory relief fails as a matter of law and  
18 may be properly resolved on summary judgment. Declaratory relief is available only  
19 where there exists an actual, present controversy relating to the legal rights and duties  
20 of the respective parties. *See* Cal. Civ. Code § 1060. On summary judgment, a  
21 defendant satisfies its burden by establishing that the plaintiff is not entitled to a  
22 declaration in its favor, which may be shown by demonstrating that the declaration  
23 sought is legally incorrect, that the undisputed facts do not support the declaration, or  
24 that the issue is otherwise not appropriate for declaratory relief. *Gafcon, Inc. v. Ponsor*  
25 *& Assocs.*, 98 Cal.App.4th 1388, 1402 (2002). Summary judgment is particularly  
26 appropriate where, as here, the declaratory relief claim presents only legal issues or  
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1 merely mirrors other substantive causes of action. *Spencer v. Hibernia Bank*, 186  
2 Cal.App.2d 702, 873 (1960).

3 Declaratory relief is independently improper because Plaintiff seeks a  
4 retrospective adjudication of alleged past wrongdoing rather than a prospective  
5 declaration of future rights or obligations. *See Gafcon, Inc.*, 98 Cal.App.4th at 1403  
6 (finding that declaratory relief operates prospectively, and not merely for the redress  
7 past wrongs). Plaintiff’s request for declaratory relief merely restates her breach of  
8 contract and bad faith allegations and seeks a declaration that State Farm wrongfully  
9 adjusted the claim and owes additional benefits for conduct that has already occurred.

10 Further, Plaintiff’s declaratory relief claim fails because there is no actual,  
11 present controversy capable of conclusive judicial resolution. An actual controversy  
12 must be definite and concrete, involve adverse legal interests, and admit of definitive  
13 relief rather than an advisory opinion. *See Selby Realty Co. v. City of San*  
14 *Buenaventura*, 10 Cal.3d 110, 117 (1973). Here, the undisputed facts establish that  
15 State Farm fully investigated Plaintiff’s claim, conducted multiple home inspections,  
16 reviewed all submitted estimates and supporting documentation, and issued written  
17 denials of coverage, including a final denial reaffirming its coverage position. *See* SUF  
18 4–22. There is no ongoing uncertainty regarding the parties’ respective rights or  
19 obligations under the Policy; any remaining dispute concerns whether State Farm  
20 breached the Policy or acted in bad faith in the past, which does not support declaratory  
21 relief.

22 Accordingly, the Court should therefore grant summary judgment in favor of  
23 State Farm on Plaintiff’s declaratory relief cause of action and declare that Plaintiff is  
24 not entitled to declaratory relief under the Policy.

25 ///

26 ///

27 ///

28

1 **V. CONCLUSION**

2 Based on the foregoing, State Farm respectfully requests that the Court grant this  
3 Motion for Summary Judgment, or in the Alternative, Partial Summary Judgment.

4  
5 Dated: March 6, 2026

**FREEMAN MATHIS & GARY, LLP**

6  
7 By:

/s/ Emily O. Duong

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