IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

JOSEPH KOOIKER and ANGIE KOOIKER, Plaintiffs, v. AUTO-OWNERS INSURANCE COMPANY and AUTO-OWNERS (MUTUAL) INSURANCE COMPANY, Defendants.	**No. 4:25-cv-00327-RGE-SBJ** **ORDER GRANTING DEFENDANTS' MOTION FOR SUMMARY JUDGMENT**

I. INTRODUCTION

Plaintiffs Joseph Kooiker and Angie Kooiker sue Defendants Auto-Owners Insurance Company and Auto-Owners (Mutual) Insurance Company for breach of contract and other claims arising from Auto-Owners (Mutual) Insurance's denial of Plaintiffs' insurance claim. Defendants move for summary judgment.

For the reasons set forth below, the Court grants Defendants' motion for summary judgment.

II. BACKGROUND

A. Factual Background

The following facts are uncontested or viewed in the light most favorable to Plaintiffs, the non-moving party. *See Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587–88 (1986).

Plaintiffs own a property near Nevada, Iowa, which was insured by Auto-Owners (Mutual) Insurance as of May 21, 2024. Defs.' Statement Material Facts Supp. Mot. Summ. J. ¶¶ 1–2, ECF

No. 41-2.[1] Plaintiffs' insured property (the "Property") was damaged during a weather event with high winds on May 21, 2024. Pls.' Statement Additional Undisputed Facts Supp. Opp. Mot. Summ. J. ¶ 1, ECF No. 42-4; Defs.' Resp. Pls.' Additional Facts Supp. Resist. Mot. Summ. J. ¶ 1, ECF No. 43-1. The weather event caused extensive "damage to the roof, gutters, downspouts, windows, fascia, and other surfaces and materials" and "tore open an approximately thirty-square foot hole in the Property's roof over the garage area." ECF No. 42-4 ¶¶ 3–4. Plaintiffs filed a claim under their policy (the "Policy") with Defendants by May 22, 2024. ECF No. 41-2 ¶¶ 2–3.

Policyholders are afforded three options for recovery under the Policy:

Recovery Type	**Recovery Available**
Replacement Cost Value	The policyholder may recover the "full cost to repair or replace the damaged part of such covered property" with "[n]o deduction . . . made for depreciation." Defs.' App. Supp. Mot. Summ. J. 50, ECF No. 41-3.
Actual Cash Value	The policyholder may recover "the cost to repair or replace lost or damaged covered property with new property of similar quality and features reduced by the amount of depreciation applicable to the lost or damaged property immediately prior to the loss." *Id.* at 38.
Actual Cash Value *and* Replacement Cost Value	The policyholder may "make an actual cash value claim for loss or damage to property" and "make a further claim under the [replacement cost value] provision." *Id.* at 51.

All policyholders, regardless of what type of recovery sought, must submit a proof of loss to the insurer and "use all reasonable means to protect covered property at and after the time of loss." *Id.* at 45, 58. Additional conditions are imposed on a policyholder, depending on what recovery is sought. *See id.* at 51.

[1] Plaintiffs bring suit against both Auto-Owners Insurance Company and Auto-Owners (Mutual) Insurance Company, stating in the petition "Defendants and/or their parent, subsidiary, or otherwise affiliated companies issued a property insurance policy to Plaintiffs." First Am. Compl. ¶ 5, ECF No. 18. The policy lists Auto-Owners (Mutual) Insurance Company as the insurance company. Pls.' App. Supp. Mot. Partial Summ. J., Compel Appraisal, Stay at App. 004, ECF No. 26-4. The Court refers to all Defendants together to align with Plaintiffs' pleadings.

On July 16, 2024, Defendants paid Plaintiffs a $170,545.81 actual cash value settlement for structural damage to the Property. ECF No. 41-2 ¶ 7. Plaintiffs also recovered for lost personal property under the Policy, but do not dispute that recovery. *Id.* ¶¶ 7–8.

On April 15, 2025, Plaintiffs submitted a proposed actual cash value claim. ECF No. 41-3 at 884–86. Plaintiffs' proof of loss stated an actual cash value of the Property as $602,245.11. *Id.* at 885. Defendants rejected Plaintiffs' actual cash value claim a week later, stating that "the scope of work that you have provided does not match the scope of work that our independent adjuster estimated for." *Id.* at 888. In the same letter, Defendants instructed Plaintiffs to submit an additional proof of loss "with supporting documentation for the amounts claimed no later than May 22, 2025" if Plaintiffs disagreed with Defendants' evaluation of damages. *Id.* at 889. There is no evidence that Plaintiffs submitted the additional proof of loss by May 22, 2025.

As of July 23, 2026, Plaintiffs have not conducted repairs or replaced the Property. ECF No. 41-2 ¶ 35; ECF No. 42-3 ¶ 35 (Plaintiffs' admission that they "have not conducted repairs or replaced the property.").

Additional facts are set forth below as necessary.

B. Procedural Background

Plaintiffs filed a two-count petition in the Iowa District Court for Story County. Pet., ECF No. 1-1. Defendants removed the case to this Court. Notice Removal, ECF No. 1. Plaintiffs then filed an amended complaint, adding an additional count. First Am. Compl., ECF No. 18. Plaintiffs allege breach of contract (Count I); seek declaratory judgment (Count II); and allege bad faith (Count III). *Id.* ¶¶ 23–55.

Plaintiffs previously filed a motion to compel appraisal and a motion to stay. Pls.' Mot. Compel Appraisal & Mot. Stay Litigation, ECF No. 13. The assigned Magistrate Judge denied the motion without prejudice. Order Den. Pls.' Mot. Compel Appraisal & Mot. Stay Litig., ECF No.

20. Plaintiffs then brought a motion for partial summary judgment, to compel appraisal, and to stay litigation. Pls.' Mot. Partial Summ. J., Compel Appraisal, Stay, ECF No. 26; Pls.' Br. Supp. Mot. Partial Summ. J., Compel Appraisal, Stay, ECF No. 26-1. The Court denied Plaintiffs' motion. Order Den. Pls.' Mot. Partial Summ. J., Compel Appraisal, Stay, ECF No. 40.

Defendants move for summary judgment on all of Plaintffs' claims. Defs.' Mot. Summ. J., ECF No. 41; *see also* Defs.' Br. Supp. Mot. Summ. J., ECF No. 41-1. Plaintiffs resist. Pls.' Br. Opp. Mot. Summ. J., ECF No. 42; *see also* Pls.' App. Supp. Opp. Mot. Summ. J., ECF No. 42-1. Defendants replied in support of their motion. Defs.' Reply Supp. Mot. Summ. J., ECF No. 43.

The Court concludes the briefing and record adequately present the issues for consideration and no hearing is required. *See* LR 7(c); Fed. R. Civ. P. 78(b).

III. LEGAL STANDARD

Under Federal Rule of Civil Procedure 56, the Court must grant a party's motion for summary judgment if no genuine issues of material fact exist, and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a); *Celotex Corp. v. Catrett*, 477 U.S. 317, 322–23 (1986). A genuine issue of material fact exists where the issue "may reasonably be resolved in favor of either party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 250 (1986). "Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment. Factual disputes that are irrelevant or unnecessary will not be counted." *Id.* at 248.

When analyzing whether a party is entitled to summary judgment, the "court may consider only the portion of the submitted materials that is admissible or useable at trial." *Moore v. Indehar*, 514 F.3d 756, 758 (8th Cir. 2008) (quoting *Walker v. Wayne Cnty.*, 850 F.2d 433, 434 (8th Cir. 1988)). The nonmoving party "receives the benefit of all reasonable inferences supported by the evidence, but has 'the obligation to come forward with specific facts showing that there is a

genuine issue for trial.'" *Atkinson v. City of Mt. View, Mo.*, 709 F.3d 1201, 1207 (8th Cir. 2013) (quoting *Dahl v. Rice Cnty., Minn.*, 621 F.3d 740, 743 (8th Cir. 2010)). "In order to establish the existence of a genuine issue of material fact, '[a] plaintiff may not merely point to unsupported self-serving allegations.'" *Anda v. Wickes Furniture Co., Inc.*, 517 F.3d 526, 531 (8th Cir. 2008) (quoting *Bass v. SBC Commc'ns, Inc.*, 418 F.3d 870, 872 (8th Cir. 2005)). The plaintiff "must substantiate his allegations with sufficient probative evidence that would permit a finding in his favor." *Smith v. Int'l Paper Co.*, 523 F.3d 845, 848 (8th Cir. 2008) (quoting *Bass*, 418 F.3d at 873). "Where the record taken as a whole could not lead a rational trier of fact to find for the nonmoving party, there is no genuine issue for trial" and the moving party is entitled to judgment as a matter of law. *Torgerson v. City of Rochester*, 643 F.3d 1031, 1042–43 (8th Cir. 2011) (en banc) (quoting *Ricci v. DeStefano*, 557 U.S. 557, 586 (2009)).

IV. DISCUSSION

Plaintiffs' amended complaint asserts three claims. ECF No. 18. Defendants seek summary judgment on all three claims. ECF No. 41.

A. Breach of Contract (Count I)

In Count I, Plaintiffs allege Defendants refused "to pay Plaintiffs the amount of Loss as required by the Policy" in violation of Iowa contract law. ECF No. 18 ¶ 29. Defendants assert they are entitled to summary judgment on Count I, as Plaintiffs failed to perform all conditions required under the Policy. ECF No. 41-1 at 4. According to Defendants, Plaintiffs have "accepted a cash value payment under the [P]olicy," did not "timely provide a sworn proof of loss as required by the Policy," and failed to sufficiently plead a breach of contract claim. *Id.* Plaintiffs resist, asserting they have substantially complied with the conditions precedent in the Policy and have presented sufficient facts on the breach of contract claim. ECF No. 42 at 2–6.

Iowa law applies to this diversity action. *See Erie R.R. Co. v. Tompkins*, 304 U.S. 64, 78

(1938). To establish a claim for breach of contract under Iowa law, Plaintiffs must show

> (1) the existence of a contract; (2) the terms and conditions of the contract; (3) that [plaintiffs have] performed all the terms and conditions required under the contract; (4) the [defendants] breach[ed] . . . the contract in some particular way; and (5) that [plaintiffs have] suffered damages as a result of the breach.

Iowa Mortg. Ctr., L.L.C. v. Baccam, 841 N.W.2d 107, 110–11 (Iowa 2013) (quoting *Molo Oil Co. v. River City Ford Truck Sales, Inc.*, 578 N.W.2d 222, 224 (Iowa 1998)). Here, the parties do not contest the existence of a contract, nor the contract terms and conditions. ECF No. 18 ¶ 6; ECF No. 41-2 ¶¶ 9–19; ECF No. 42-3 ¶¶ 9–19. The parties' disagreement is limited to whether Plaintiffs performed all the conditions required under the contract and whether Defendants breached the contract. *See generally* ECF No. 41-1; ECF No. 42.

Because "insurance policies are contracts between the insurer and insured," they "must be interpreted like other contracts, the object being to ascertain the intent of the parties." *Talen v. Emps. Mut. Cas. Co.*, 703 N.W.2d 395, 407 (Iowa 2005). If the policy language is unambiguous, the intent of the parties "is determined by what the policy itself says." *Monroe Cnty. v. Int'l Ins. Co.*, 609 N.W.2d 522, 525 (Iowa 2000) (citing *A.Y. McDonald Indus., Inc. v. Ins. Co. of N. Am.*, 475 N.W.2d 607, 618 (Iowa 1991)). There is no dispute as to whether the Policy's terms and conditions were ambiguous. Therefore, the Court looks only to the express Policy terms in its analysis. *Cf. SDG Macerich Props., L.P. v. Stanek Inc.*, 648 N.W.2d 581, 586 (Iowa 2002) ("The contract will be strictly construed if its words are clear and unambiguous.").

"The party claiming entitlement to coverage under the policy must prove compliance with its terms." *Henderson v. State Farm Fire & Cas. Co.*, 649 F. Supp. 3d 748, 759 (N.D. Iowa 2022) (collecting cases). Conditions precedent are contract terms that, if not performed, relieve the other party from their duty to perform. *Henderson v. State Farm Fire & Cas. Co.*, 113 F.4th 1042, 1051 (8th Cir. 2024), *aff'g* 649 F. Supp. 3d 748 (N.D. Iowa 2022). An insurance policy that includes a

condition precedent to the insurer's performance requires the insured prove "(1) substantial compliance with the condition precedent; (2) the failure to comply was excused or waived; or (3) the failure to comply was not prejudicial to the insurer." *Id.* (quoting *Am. Guar. & Liab. Ins. Co. v. Chandler Mfg. Co.*, 467 N.W.2d 226, 228 (Iowa 1991)). Substantial compliance has been defined by Iowa courts as "a reasonable, honest, complete, full, and meaningful compliance with the terms of the policy on the part of the insured as opposed to literal, exact or perfect compliance." *Hoekstra v. Farm Bureau Mut. Ins. Co.*, 382 N.W.2d 100, 107 (Iowa 1986).

Violation of a condition precedent by an insured is presumed to be prejudicial to the insurer. *Met-Coil Sys. Corp. v. Columbia Cas. Co.*, 524 N.W.2d 650, 654 (Iowa 1994). "However, the insured may rebut the presumption if it shows the lack of prejudice by satisfactory evidence." *Henderson*, 649 F. Supp. 3d at 759. If an insured does not substantially comply with a condition precedent and fails to overcome the presumption by showing a lack of prejudice to the insurer, the insured is barred from suing the insurer. *Henderson v. Hawkeye-Security Ins. Co.*, 106 N.W.2d 86, 92 (Iowa 1960).

Defendants allege Plaintiffs did not substantially comply with the conditions precedent for receiving additional actual cash value or replacement cost value funds. ECF No. 41-1 at 4–9. Defendants also claim Plaintiffs did not protect the Property from further damage, a condition subsequent under the Policy. *Id.* at 9–10. If Plaintiffs did not substantially comply with the Policy's conditions and do not provide sufficient evidence to rebut the presumed prejudice against Defendants, Defendants are discharged from any further obligations under the Policy.

1. Proof of Loss and Actual Cash Value Amount

Within 60 days of notifying Defendants of the loss, Plaintiffs were required by the Policy to provide Defendants a proof of loss. ECF No. 41-3 at 58. A proof of loss includes information regarding the time and cause of loss; interest of insureds; actual cash value and amount of loss to

the property; encumbrances on the property; other policies covering the loss; changes in title, use, or occupancy; plans and specifications of the property; and an inventory of all damaged property. *Id.* Submission of Plaintiffs' proof of loss is consequential, as the proof of loss includes Plaintiffs' proposed actual cash value. ECF No. 41-1 at 6–7.

The Policy provides that Defendants may not be "sued unless there is full compliance with all the terms of this policy." ECF No. 41-3 at 57. However, the appropriate standard here is substantial compliance with the proof-of-loss condition precedent. *Cf. Hoekstra*, 382 N.W.2d at 107 ("Provisions for the giving of notice of loss or the furnishing of proofs of loss to an insurer will be liberally construed in favor of the insured, and a substantial compliance therewith, as distinguished from a strict compliance, will suffice." (quoting 44 Am. Jur. 2d *Insurance* § 1352 (1982)).

Here, the loss occurred on May 21, 2024. ECF No. 41-2 ¶ 1. Plaintiffs notified Defendants of the loss on the following day. *Id.* ¶ 3. The Policy required Plaintiffs to provide a proof of loss to Defendants by July 21, 2024, an obligation Defendants reminded Plaintiffs of six times. *Id.* ¶¶ 19, 23, 25, 26, 27, 29. Defendants paid Plaintiffs $170,545.81 on July 16, 2024, based on the actual cash value of structural damage. *Id.* ¶ 7. Defendants based this payment on an inspection conducted by a third party. *Id.* ¶ 20; ECF No. 41-3 at 97–412.

Plaintiffs provided Defendants with a proof of loss on April 15, 2025. ECF No. 41-2 ¶ 31; ECF No. 41-3 at 884–86. As part of this proof of loss, Plaintiffs claimed the actual cash value was $602,245.11. ECF No. 41-3 at 885. Defendants requested a reinspection shortly after Plaintiffs' submission. ECF No. 41-3 at 413–14.

There is no dispute: Plaintiffs did not provide Defendants a proof of loss until April 15, 2025, well beyond the sixty-day deadline for such a submission. ECF No. 41-2 ¶ 31. Defendants assert Plaintiffs' failure to provide a proof of loss "within 60 days of the initial claim" or "within

a reasonable timeframe" means they did not substantially comply with the Policy's proof-of-loss condition precedent. ECF No. 41-1 at 7. Plaintiffs respond by stating they substantially complied with the requirement of "providing their own [actual cash value] calculation." ECF No. 42 at 4.

Defendants assert they were prejudiced by Plaintiffs' noncompliance, as evidenced by "Plaintiffs' later dispute and claim for additional funds, which occurred months after the adjustment of the claim." ECF No. 43 at 3. Plaintiffs respond that Defendants were not prejudiced, as Defendants were able to "investigate the Loss, adjust the Loss, and even pay a portion of the Loss without the form." ECF No. 42 at 4. Plaintiffs also state that "because [Defendants] suffered no prejudice as a result of the delay, [Plaintiffs] substantially complied with the Policy." *Id.*

a. Substantial Compliance

The Court finds Plaintiffs did not substantially comply with the proof-of-loss provision. Under the plain and unambiguous terms of the Policy, Plaintiffs were obligated to submit a proof of loss to Defendants within 60 days of the loss. ECF No. 41-3 at 57–58; *Hawkeye-Security Ins. Co.*, 106 N.W.2d at 90 ("Definite, basic, specific and reasonable provisions made conditions precedent to action on the policy cannot be ignored . . . ."). Plaintiffs submitted the completed proof of loss to Defendants on April 15, 2025—269 days after the deadline required by the Policy. ECF No. 41-2 ¶ 31; ECF No. 41-3 at 884–86.

Plaintiffs argue they substantially complied with the proof-of-loss provision by communicating with Defendants and "work[ing] with a public adjuster . . . to produce the best statement that they could." ECF No. 42 at 3. Plaintiffs' communications with Defendants or use of a public adjuster in the intervening 269 days does not amount to substantial compliance with the proof-of-loss condition precedent, and Plaintiffs point to no authority stating otherwise.

b. Waiver or Excuse

The Court next considers whether substantial compliance was excused or waived. *Cf.*

Weitz Co., LLC v. Lexington Ins. Co., 982 F. Supp. 2d 975, 1001 (S.D. Iowa 2013). Plaintiffs have not asserted that their failure to comply with the proof-of-loss condition precedent was waived or excused.

c. Lack of Prejudice towards Insurer

An insured's breach of a condition precedent is presumed to be prejudicial to the insurer. *Cf. Met-Coil Systems Corp.*, 524 N.W.2d at 654 (collecting cases). "Although the presumption is rebuttable, unless overcome by a satisfactory showing of lack of prejudice by the claimant, it will defeat his recovery." *Weitz Co., LLC*, 982 F. Supp. 2d at 1001 (quoting *Hawkeye-Security Ins. Co.*, 106 N.W.2d at 92).

Plaintiffs allege Defendants admitted a lack of prejudice "by the late return of the proof of loss form." ECF No. 42 at 3. In support, Plaintiffs point to affiant Dan Slater, speaking on behalf of Defendants:

> Q: Was [Defendants'] investigation of the claim or adjustment process affected at all by the delay in returning Proof of Loss?
> A: No. We continued with the claim once we received it and paid out the actual cash value amount with the estimate that we had without receiving it. And – but we did ask for it, I believe two, maybe three times. I cannot – I'd have to look at the – our system to verify that.
> Q: But you were able to do the – go through the adjustment process without the form?
> A: The initial stages of it, yes.
> Q: Any stages that were affected?
> A: No. Because no work had or has been completed. So we have not issued out any recoverable depreciation or anything which may require having that form.

ECF No. 42-1 at 945. Plaintiffs believe this testimony necessitates failure of Defendants' motion. ECF No. 42 at 4. Plaintiffs also assert Defendants were "able to investigate the Loss, adjust the Loss, and even pay a portion of the Loss without the [proof of loss] form." *Id.* In sum, Plaintiffs argue that because Defendants were able to provide Plaintiffs with a $170,545.81 actual cash value payment on July 16, 2024, Defendants were not prejudiced by Plaintiffs' inaction. *Id.*; ECF No.

41-3 at 878. Plaintiffs offer Defendants' reinspection, conducted after Plaintiffs' proof of loss was submitted, as further evidence showing lack of prejudice. ECF No. 42 at 5. Defendants respond that they were prejudiced in their inability "to adequately assess Plaintiffs' claims . . . as they were not made to Defendants." ECF No. 41-1 at 8.

Plaintiffs have not provided satisfactory evidence to overcome the presumption that the failure to timely submit the proof of loss prejudiced Defendants. The Court need only conclude that the "insured failed to show lack of prejudice as a matter of law." *Met-Coil Sys. Corp.*, 524 N.W.2d at 659. Because Plaintiffs' proof of loss submission was delayed, Defendants were deprived of an opportunity to negotiate the appropriate actual cash value with Plaintiffs. No. 41-2 ¶ 7. Like in *Weitz Co., LLC v. Lexington Ins. Co.*, 982 F. Supp. 2d at 1001–02, the deprivation of a negotiation opportunity between two parties to an insurance policy evidences prejudice against an insurer.

Plaintiffs also assert Defendants' reinspection after Plaintiffs submitted their proof of loss shows a lack of prejudice against Defendants. However, the reinspection on May 7, 2025–nearly one year after the loss—was not a timely investigation. *Met-Coil Sys. Corp.*, 524 N.W.2d at 659 (considering insurers' inability to "make a timely and adequate investigation" of a claim to be prejudicial). In *Bruns v. Hartford Accident & Indem. Co.*, the Iowa Supreme Court found substantial prejudice against an insurance company where the insurer's investigation into a car crash was delayed by more than two years. 407 N.W.2d 576, 580 (Iowa 1987). The *Bruns* court's finding of prejudice relied on the insurer's inability to "photograph the scene as it then existed." *Id.* Defendants here have been prejudiced in a similar way: because Plaintiffs delayed eleven months before disputing the actual cash value, Defendants were unable to conduct further investigation into the state of the Property as it existed shortly after the loss. Plaintiffs provide no evidence rebutting the presumption of prejudice resulting from Defendants' inability to timely

conduct further investigation into the appropriate actual cash value settlement.

Plaintiffs first refuted the actual cash value 269 days after the Policy required Plaintiffs to submit their own actual-cash-value calculation in the proof of loss. Plaintiffs' inaction prevented Defendants from timely negotiating with Plaintiffs as to the appropriate actual cash value or further investigating damage to the Property. Plaintiffs have not substantially complied with the proof-of-loss condition precedent and have not shown lack of prejudice as to Defendants. Therefore, Defendants did not breach the Policy by declining to pay Plaintiffs additional actual cash value settlement funds.

2. Replacement Cost Value Payment

The Policy directs Defendants to pay the actual cash value to the policyholder if the policyholder decides to forego replacing or repairing the damaged property. ECF No. 41-3 at 51 ("If you do not repair or replace the damaged covered property, we will pay the actual cash value of the property at the time of loss."). If a policyholder chooses to repair or replace the property, the policyholder may submit a claim for funds beyond the actual cash value:

> [Y]ou may make a further claim [beyond the initial actual cash value payment], provided you notify us of your intent to repair or replace the damaged covered property within 180 days after the initial actual cash value payment. However, to receive additional payment, you must: 1) complete repair or replacement of the damaged covered property within two years after the date of loss; and 2) notify us within 30 days after the repair or replacement has been completed.

Id. Plaintiffs did not notify Defendants they intended to repair or replace the Property, nor did Plaintiffs repair the Property. ECF No. 41-2 ¶¶ 34–35; ECF No. 41-3 at 9, 21. Instead, Plaintiffs submitted a proof of loss on April 15, 2025, asserting the replacement cost value of the Property was $637,296.82. ECF No. 41-3 at 885.

Defendants argue Plaintiffs have "forfeit[ed] their right to an additional claim for replacement cost coverage" by failing to complete repairs within two years and provide appropriate

notice to Defendants. ECF No. 41-1 at 6. Plaintiffs respond that "they substantially complied with their dut[y] to . . . provide notice that they intended to perform repairs to the Property." ECF No. 42 at 2–3. Plaintiffs, in support of this assertion, state their actions were the "good-faith efforts of insured homeowners" and "constituted substantial compliance because [Defendants were] not prejudiced." *Id.* at 5.

a. Substantial Compliance

The Court finds Plaintiffs did not substantially comply with the Policy conditions precedent, requiring notice of intent to repair the Property within 180 days of the initial actual cash value payment, completion of repair within two years after the date of loss, and notice to Defendants within 30 days of Property repair completion. In fact, Plaintiffs themselves admit that no initial notice was given, nor have any repairs been completed. ECF No. 41-2 ¶¶ 34–35 ("Plaintiffs have not provided notification of their intent to conduct repairs or replace the [P]roperty" and "Plaintiffs have not conducted repairs or replaced the [P]roperty"); ECF No. 42-3 ¶¶ 34–35 (admitting, without qualification, both of Defendants' proffered facts). The Court finds Plaintiffs did not substantially comply with the conditions precedent to make out a claim for replacement cost value.

b. Waiver or Excuse

Plaintiffs do not assert that the conditions precedent to a replacement cost value claim were waived or excused.

c. Lack of Prejudice toward Insurer

Because Plaintiffs have not shown they substantially complied with a condition precedent, they must show Defendants were not prejudiced by their non-compliance. *Weitz Co., LLC*, 982 F. Supp. 2d at 1001. It appears Plaintiffs argue Defendants were not prejudiced because Defendants have not, before filing the motion presently before the Court, "allege[d] that [they were] prejudiced

by [Plaintiffs'] delay." ECF No. 42 at 5. Plaintiffs also conclude that Defendants' "actions and its testimony show that it was not prejudiced." *Id.* Without more evidence in the record showing Defendants were not prejudiced, the Court must find Plaintiffs "failed to show lack of prejudice as a matter of law." *Met-Coil Sys. Corp.*, 524 N.W.2d at 659. Plaintiffs have not shown they are entitled to relief from the conditions precedent imposed by the Policy's replacement cost value provision. *See* ECF No. 41-3 at 51. Therefore, Defendants did not breach the Policy by declining to pay Plaintiffs the replacement cost value.

3. Protecting the Property

The Policy also required Plaintiffs to "protect the property from further damage or loss," "make reasonable and necessary temporary repairs," and "keep records of the cost." *Id.* at 58. Protecting a covered property from further damage is a condition subsequent to recovery; if a policyholder fails to take reasonable steps to protect the property, Defendants' obligation to pay a policyholder actual cash value or replacement cost value is terminated. ECF No. 41-3 at 57–58.

Defendants argue Plaintiffs have failed to meet the condition subsequent of protecting the Property from further damages. ECF No. 41-1 at 9–10.

The Court need not consider whether Plaintiffs sufficiently complied with any conditions subsequent, because it has already concluded Plaintiffs failed to comply with conditions precedent to recovery under the Policy. Even if Plaintiffs have presented sufficient evidence for a factfinder to consider whether Plaintiffs took reasonable steps to protect the Property, this evidence would not remedy Plaintiffs' noncompliance with conditions precedent.

B. Declaratory Judgment (Count II)

Plaintiffs' amended complaint seeks a declaration from the Court that "the totality of the Loss is covered under the Policy and that Defendants owe Plaintiffs compensation for the resulting damage under the Policy." ECF No. 18 ¶ 38. Plaintiffs also request "a judicial declaration that the

Policy's limitation periods are unreasonably short and unenforceable." *Id.* ¶ 37. This Court "may declare the rights and other legal relations of any interested party seeking such declaration." 28 U.S.C. § 2201. The extent of coverage offered by an insurance policy "is a proper subject for a declaratory judgment action." *General Cas. Co. of Wis. v. Hines*, 156 N.W.2d 118, 120 (Iowa 1968).

Defendants argue they are entitled to summary judgment on Count II, as Plaintiffs' declaratory judgment "claim is, at most, duplicative of the breach of contract claim" and must fail, as Plaintiffs are the party in breach. ECF No. 41-1 at 10–11. Plaintiffs resist, arguing Defendants are the breaching party and asserting a genuine issue of remains as to whether the repair limitation period of two years is unenforceable. ECF No. 42 at 8.

Plaintiffs' failure to comply with the requisite conditions precedent and inability to show a lack of prejudice as to Defendants amount to a breach of contract. *See supra* Section IV(A). Therefore, Plaintiffs are barred from further recovery under the Policy and are not entitled to a judicial declaration stating otherwise. The Court grants Defendants' motion for summary judgment as to Count II.

C. Bad Faith (Count III)

To establish a claim for bad faith, Plaintiffs must prove "(1) [Defendants] had no reasonable basis for denying [Plaintiffs'] claim ... and (2) [Defendants] knew or had reason to know that its denial or refusal was without reasonable basis." *Henderson*, 113 F.4th at 1055 (quoting *Bellville v. Farm Bureau Mut. Ins. Co.*, 702 N.W.2d 468, 473 (Iowa 2005)). The first inquiry is objective, while the second is subjective. *Id.* (quoting *Bellville*, 702 N.W.2d at 473). "[I]f reasonable minds can differ," a reasonable basis exists for denial of policy benefits. *Bellville*, 702 N.W.2d at 473.

Plaintiffs' bad faith claim fails. As discussed in Section IV(A), *supra*, Defendants had a

reasonable basis for refusing to entertain further claims under the Policy due to Plaintiffs' failure to comply with the conditions precedent in the Policy.

The Court grants Defendants' motion for summary judgment as to Count III.

V. CONCLUSION

For the foregoing reasons,

IT IS ORDERED that Defendants Auto-Owners Insurance Company and Auto-Owners (Mutual) Insurance Company's Motion for Summary Judgment, ECF No. 41, is **GRANTED**.

IT IS SO ORDERED.

Dated this 9th day of November, 2026.

REBECCA GOODGAME EBINGER
UNITED STATES DISTRICT JUDGE