



**ARIZONA SUPREME COURT
ORAL ARGUMENT CASE SUMMARY**



**SAFeway INSURANCE COMPANY, INC. v. PETER A. GUERRERO
ET AL. No. CV-04-0146-PR**

PARTIES/COUNSEL:

Petitioners: Defendants/appellees Roush and Guerrero, represented by Kent E. Turley of Turley, Swan & Childers.

Respondent: Plaintiff/appellant Safeway Insurance, represented by Ronald E. Huser of Parrillo, Weiss & O'Halloran.

FACTS:

Respondent Safeway's insured negligently caused an accident that terribly injured a person (the "injured person") such that this person's monetary damages far exceeded the insurance policy limits. The injured person's guardian's attorneys, the petitioners, negotiated a *Damron/Morris* agreement ("Agreement") with the insured after, allegedly, those attorneys falsely told the insured, knowing that it was false, that Safeway had not accepted the injured person's guardian's policy limits' \$15,000 demand. To the contrary, it appears that Safeway actually made a policy limits settlement offer to those attorneys. Included in the Agreement was an assignment by the insured to the injured person's guardian of the insured's bad faith claim against Safeway. In related federal district court litigation, the district court ruled on cross-motions for summary judgment (which ruling is now on appeal) that Safeway did not act in bad faith with its insured and that its insured breached the insurance policy's cooperation clause by entering into the Agreement previously mentioned. While those cross-motions for summary judgment were pending, Safeway filed this intentional interference with contract claim against the injured person's guardian's lawyers alleging that the lawyers interfered with Safeway's insurance contract with its insured by entering into the Agreement. The trial court granted summary judgment to the lawyers on that claim, and the Court of Appeals reversed.

ISSUE:

"Whether a lawyer who negotiates a *Damron/Morris* agreement that is reasonable in amount and free from fraud and collusion can be held liable in damages for tortious interference with the contract between the insurance carrier and the insured."

ELEMENTS OF INTENTIONAL INTERFERENCE CLAIM:

Elements claim: (1) existence of a valid contractual relationship; (2) knowledge of the relationship on the part of the interferer; (3) intentional interference inducing or causing a breach; (4) damage to the party whose relationship has been disrupted; and (5) improper action by the defendant.

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