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In *Entin v. Superior Court* (*Provident Life and Accident Insurance Company*), Case No. B239642 (Cal. Ct. App., August 20, 2012) (Second Appellate District), the Court of Appeal held an insured was entitled to a jury trial because the insurer's election to pay policy proceeds pending a coverage determination did not make the insurer's declaratory relief action "equitable in nature."

Facts & Holding

Allen Entin ("Entin") submitted a claim under two disability policies alleging migraine headaches rendered him incapable of performing his duties as a doctor. Entin's insurer, Provident Life and Accident Ins. Co. ("Provident"), reviewed the claim and began paying Entin benefits under a reservation of rights.

Provident later filed a declaratory relief action seeking a determination that Entin was not entitled to disability benefits.

The complaint did not raise any issue regarding the construction of the insurance policies.

Instead, it asserted that the parties disputed whether the evidence showed Entin was "totally disabled" within the meaning of the policies.

The complaint clarified that although Provident did not believe Entin was totally disabled, it would continue to pay his claim pending a coverage determination.

Entin filed a cross-complaint for bad faith alleging that Provident's declaratory relief action was part of a "scheme" to force its insureds to settle legitimate claims. Provident demurred to the cross-complaint, arguing that Entin could not pursue a bad faith claim in the absence of a breach of contract cause of action.

Provident contended Entin was still receiving disability benefits, thereby demonstrating no breach occurred.

The trial court sustained Provident's demurrer and the parties submitted opposing briefs

addressing only whether Entin had a right to a jury trial on Provident's declaratory relief claim.

The trial court found that Entin did not have the right to a jury trial because there was no breach of contract claim.

The Court of Appeal disagreed, holding that the inquiry regarding whether one is entitled to a jury trial must focus on the nature of the issues in a given case and although declaratory relief actions are often equitable in nature, they can raise legal issues.

The court explained that a jury trial is a matter of right in a civil action at law, but not in equity.

Declaratory judgment actions are "
sui generis
" and may raise legal or equitable issues.

Consequently, the right to a jury may not be denied simply because the action is one for declaratory relief; rather, a party's right to a jury depends upon the nature of the rights involved and the facts of the particular case.

Under that reasoning, the court determined Entin was entitled to a jury trial. Provident's declaratory relief action was legal in nature — while it sought a determination as to whether Entin was "totally disabled" within the meaning of the policies, it did not challenge the construction of the insurance policies.

Consequently, a jury could decide whether, based on the facts, Entin's migraines rendered him unable to perform his duties as a doctor, i.e., "totally disabled."

The court rejected Provident's argument that its claim was akin to a request for specific performance, which is an equitable remedy.

The court also found unconvincing Provident's argument that its claim could not be considered legal in nature because neither party sought monetary damages.

The court noted the mode of relief is only a "factor" that may be considered when assessing the right to a jury trial, and it is not "determinative."

SIGNIFICANCE

The Court of Appeal's decision confirms that California courts will determine a party's right to a jury on a case-by-case basis, looking not only to the form of the action, but the nature of the rights involved, and the facts of the particular case.