

S.D.N.Y. Invokes Abstention Doctrine to Dismiss Insurer's Declaratory Judgment Action

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The United States District Court for the Southern District of New York has dismissed an insurer's declaratory judgment action under the discretion afforded courts by the federal Declaratory Judgment Act and under the abstention doctrine. *National Union Fire Ins. Co. of Pittsburgh, Pa. v. Warrantech Corp.*, No. 00 Civ. 5007 (NRB), 2001 U.S. Dist. LEXIS 1900 (S.D.N.Y. Feb. 27, 2001).

In this case, a third party sued the policyholder in Texas state court alleging state law contract and tort claims. After denying coverage under a Miscellaneous Professional Liability Policy, the insurer filed a declaratory judgment action to determine its coverage obligations in New York state court. In response, the policyholder filed a third-party breach of contract action against the insurer in the Texas state action and removed the New York State action to federal court. Thereafter, the policyholder moved to dismiss the removed federal action pursuant to the abstention doctrine. The court granted the policyholder's motion to dismiss, finding, *inter alia*, that the Texas action was "indisputably broader than" the federal action, the same parties were present in each action, the Texas action was further along than the federal action and resolution of the federal action would not terminate the underlying dispute.