

Florida Court Honors New York Order Staying Litigation

February 2003

A Florida appellate court, in a decision not yet released for publication, held that a Florida court should honor an order by a New York court that indefinitely stayed all proceedings against an insurer in rehabilitation. *Frontier Ins. Co. v. Am. Title Serv.*, No. 5D02-2611, 2003 WL 131638 (Fla. Dist. Ct. App. Jan. 17, 2003). The insurer issued a professional liability insurance policy to a title services company. After the title services company was sued for allegedly providing negligent services, the insurer disclaimed coverage. Thereafter, the title services company and the claimants filed suit against the insurer. After the coverage litigation had been commenced, a New York court found that the insurer was financially distressed and directed the superintendent of insurance to take possession of the insurer's property for purposes of rehabilitation. The order of rehabilitation provided for a six-month stay of all proceedings in which the insurer was obligated to defend a party pursuant to an insurance contract. The rehabilitation order also provided for an indefinite stay of all cases in which the insurer was a defendant. Six months after entry of the rehabilitation order, the title services company and other plaintiffs in the coverage action sought to lift the stay, arguing that the six-month stay had expired. The Florida appellate court rejected that argument and held that the stay should not be lifted because, since the litigation was against the insurer, an indefinite stay applied. The court stated that "[i]t is the public policy of Florida to cooperate with reciprocal states in delinquency proceedings involving an insurer."

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