

February 23, 2012

General Liability - Minor's Compromise of Claims

Spencer Pearson v. The Superior Court of San Luis Obispo
Court of Appeal, Second District (January 25, 2012)

The California Rules of Court and the Code of Civil Procedure provide a process whereby a settlement reached on behalf of a minor can be confirmed with the Court. This case considered whether the defendant or its insurance carrier have any right to oppose a petition for minor's compromise once the hearing papers have been filed with the court.

Bryce Pearson, a minor, was injured while riding on an all-terrain vehicle operated by a friend. Through his father and Guardian ad litem Spencer Pearson, Bryce sued the friend's family to recover damages for his personal injuries. On June 9, 2010, the parties and the defendants' insurance carrier entered a settlement of minor's claims on the record at a settlement conference. Because Bryce was a minor, the settlement required court approval pursuant to Code of Civil Procedure section 372.1. A petition for approval of the minor's claim was filed. Unfortunately, Bryce died about three weeks before the superior court ruled on the petition.

Defendants filed an opposition to the petition on the ground that the settlement agreement was not enforceable because it had not been approved by the court before the minor's death, which extinguished the right to recover any damages attributable to pain and suffering. The Guardian ad litem moved to enforce the settlement agreement, contending that C.C.P. section 372 allows only the minor to repudiate a settlement agreement before it is approved by the court. In its statement of decision, the superior court denied the petition and the motion to enforce the settlement agreement. It reasoned that the settlement agreement never became final because



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it had not been approved by the court prior to the minor's death. Because certain claims were extinguished by that event, the trial court concluded approval of the settlement agreement would result in a "windfall" for plaintiffs. The Guardian ad litem filed a writ of mandate to compel the superior court to grant the motion for approval of the minor's compromise and enforcement of the settlement agreement.

On appeal, the Court of Appeal concluded that while the motion for approval of the minor's compromise is pending, the settlement agreement is voidable only at the election of the minor or his guardian. According to the Court, neither the letter nor the spirit of § 372 confer any right on the defendant and/or its carrier to object when the court approves or disapproves of a settlement agreement.

The Court noted that the purpose of section 372 is to protect the minor involved in litigation by adding an extra layer of scrutiny to the settlement of the minor's claims. This statute is a "shield" to protect the interests of a minor. It was not enacted to be a "sword" for a defendant and/or its insurance carrier. The defendant and its carrier "bought peace" at the settlement conference and were bound as of that time. Although the estate of the minor could not pursue a claim for pain and suffering, defendants had reached a settlement providing this benefit prior to the death of the minor. The Court held that the intervening death of the minor before he could be heard on the petition should not, and did not, inure to the benefit of the defendant and/or its carrier.

Accordingly, the Court of Appeal directed the superior court to vacate its order denying approval of the settlement agreement and to enter a new order granting the motion to confirm the settlement.

COMMENT

The purpose of the statutes providing for approval of a compromise of a minor's claim is to protect the minor's claim by providing another layer of scrutiny. This purpose does not allow a defendant who has reached a settlement to oppose the petition itself should something happen

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to the minor post-settlement.

For a copy of the complete decision see:

[HTTP://WWW.COURTINFO.CA.GOV/OPINIONS/DOCUMENTS/B236175.PDF](http://www.courtinfo.ca.gov/opinions/documents/B236175.pdf)

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