

Removal Coverage Update

October 1, 2025

Removal – Ninth Circuit (Washington Law)

Vitus Grp., LLC v. Admiral Ins. Co.

No. 24-7062, 2025 WL 2717427 (9th Cir. Sept. 24, 2025)

The U.S. Court of Appeals for the Ninth Circuit upheld the U.S. District Court for the Western District of Washington's denial of plaintiffs' request for attorney fees and costs after the district court granted the plaintiffs' motion to remand the case back to state court because Admiral Insurance Company's (Admiral) removal to federal court was objectively reasonable and not clearly foreclosed at the time of the removal.

This insurance coverage dispute arose from shootings at apartment complexes owned or managed by the plaintiffs, Vitus Group, LLC, Vitus Development IV, LLC; Riverwood Houstin Partners, LP; Green Meadows Housing Management, LLC; Green Meadows Housing Partners, LP; Westlake Linwood Housing Partners, LP; Westlake Linwood Housing Management, LLC; Pines Housing Partners, LP; Hilton Head Housing Partners, LP; and Hollywood Shawnee Housing Partners, LP (the Vitus parties). Admiral had issued liability policies to the Vitus parties for their properties, including where the shootings took place.

The Vitus Parties sued Admiral in Washington state court and Admiral removed the case to the U.S. District Court for the Western District of Washington, claiming that Admiral, as the primary insurer, improperly tendered its full limits to settle matters concerning shootings near the Vitus parties' housing complexes. The Vitus parties, thereafter, filed a motion to remand the case back to state court. Admiral sought jurisdictional discovery, but the federal district court rejected the request and remanded the case back to state court, noting that it was apparent that the likelihood that complete diversity exists is next to minimal.

The Vitus parties then sought to recover their attorney fees and costs incurred under 28 U.S.C. § 1447 (c), which provides that an "order remanding the case may require payment of just costs and any actual expenses, including attorney fees, incurred as a result of the removal." The district court denied the Vitus parties' request for attorney fees and costs, and the Vitus parties appealed.

The appellate court unanimously upheld the district court's denial of attorney fees and costs, finding that the district court applied the correct legal standard per the U.S. Supreme Court's decision in *Martin v. Franklin Cap. Corp.*, 546 U.S. 132 (2005) and did not err when it considered what Admiral knew about the parties' citizenship at the time of the removal. The appellate court strongly disagreed with the Vitus parties' characterization of Admiral's removal as one that was fabricated and a

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misrepresentation of facts. Instead, the appellate court agreed with the district court in determining that Admiral had a reasonable basis to remove the case when it relied on its own research and on the information in the Vitus parties' complaint, which did not identify the citizenship of all members and partners, to provide the basis for removal. The appellate court noted that there was no evidence that Admiral knew at the time of the removal that diversity was incomplete, and Admiral continued to seek information as to whether complete diversity existed among the Vitus parties. Accordingly, the appellate court affirmed the district court's order denying the Vitus parties' request for attorney fees and costs.

By Amy Diviney