

State Farm Fire & Cas. Co. v Yalamanchili

2025 NY Slip Op 34863(U)

December 12, 2025

Supreme Court, New York County

Docket Number: Index No. 152136/2024

Judge: Leslie A. Stroth

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This opinion is uncorrected and not selected for official publication.

**SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY**

PRESENT: HON. LESLIE A. STROTH PART 12M

Justice

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STATE FARM FIRE AND CASUALTY COMPANY A/S/O
EYAL CARMİ,

Plaintiff,

- v -

DIVYA YALAMANCHILI, RAJ VAETIKUTI

Defendant.

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INDEX NO. 152136/2024

MOTION DATE 08/09/2024

MOTION SEQ. NO. 001

**DECISION + ORDER ON
MOTION**

The following e-filed documents, listed by NYSCEF document number (Motion 001) 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 38, 39 were read on this motion to/for DISMISSAL.

State Farm Fire and Casualty Company (“State Farm” of “Plaintiff”) filed this subrogation action to recover for alleged property damage caused by a water leak in condominium unit 4A of a building located at 224 West 18th Street in Manhattan, which was owned by Plaintiff’s subrogor, Eyal Carmi (“Carmi”). Plaintiff alleges that the water leak originated in unit 6A, where Defendants Divya Yalamanchili and Raj Vaetikuti (“Defendants”) resided, and occurred because Defendants left a bathroom window open, causing the pipes to freeze and burst. Defendants now move to dismiss the complaint pursuant to CPLR 3211(a)(1) and (7) on the grounds that the action is barred by subrogation waiver contained in the 224 West 18th Street Condominium By-Laws (the “By-Laws”). Plaintiff opposes the motion, arguing that the subrogation waiver only bars claims against the condominium board and its board of managers, not against the unit owners or occupants. Alternatively, Plaintiff argues that Defendants may not invoke the waiver of subrogation in the By-Laws because they are not unit owners.

LEGAL STANDARD

A party seeking relief pursuant to CPLR 3211(a)(1) on the ground that its defense is founded upon documentary evidence “may be appropriately granted only where the documentary evidence utterly refutes plaintiff’s factual allegations, conclusively establishing a defense as a matter of law” (*see Goshen v Mutual Life Ins. Co. of New York*, 98 NY2d 314 [2002], quoting *Leon v Martinez*, 84 NY2d 83, 88 [1994]). “A motion to dismiss pursuant to CPLR 3211(a)(1) will be granted only if the document evidence resolves all factual issues as a matter of law and conclusively disposes of the plaintiff’s claims” (*J.A. Lee Elec., Inc. v City of New York*, 119 AD3d 652, 653 [2d Dept 2014]; *Fortis Fin. Servs. V Fimat Futures USA*, 290 AD2d 383 [1st Dept 2002]).

On a motion to dismiss pursuant to CPLR 3211 (a)(7), the facts alleged in the complaint must be accepted as true, the plaintiff is accorded the benefit of every possible favorable inference, and the court’s function is to determine simply whether plaintiff’s facts fit within any cognizable legal theory (*see Leon*, 84 NY2d at 87-88; *Siegmund Straus, Inc. v. East 149th Realty Corp.*, 104 AD3d 401 [1st Dept 2013]). “Whether a plaintiff can ultimately establish its allegations is not part of the calculus in determining a motion to dismiss” (*Zurich Am. Ins. Co. v City of New York*, 176 AD3d 1145, 1147 [2d Dept 2019], quoting *EBC I, Inc. v Goldman Sacks & Co.*, 5 NY3d 11, 19 [2005]).

DISCUSSION

Condominium by-laws “are in essence, an agreement among all of the individual unit owners as to the manner in which the condominium will operate, and which set forth the respective rights and obligations of unit owners, both with respect to their own units and the condominium’s common elements” (*Board of Managers of 28 Cliff Street Condominium v Maguire*, 191 AD3d 25, 29 [1st Dept 2020] [internal quotation marks and citation omitted]). The Condominium Act

provides that every “unit owner shall comply strictly with the by-laws and the rules, regulations, resolutions and decisions adopted pursuant thereto” (NY Real Property § 399-j).

Here, Section 5.4 of By-Laws states, in relevant part:

...

(B) The Condominium Board shall also obtain and maintain, to the extent it deems practicable (i) comprehensive general liability insurance, covering all claims for personal injury or property damage arising out of any occurrence on the Property and listing as co-insureds . . . (d) each Unit Owner (except, however, that such insurance shall not cover any liability of a Unit Owner arising from occurrences within his own Unit or its Limited Residential Common Elements, if any);

...

(E) Unit Owners are encouraged to carry other insurance for their own benefit insuring the contents of their Units and their respective Limited Common Elements and liability insurance with respect to acts occurring therein, **provided that all such policies shall contain waivers of subrogation** and further provided that the liability of the carriers issuing the insurance maintained by the Condominium Board shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

(NYSCEF Doc. No. 19 at 57-58) (emphasis added).

Additionally, Section 1.4 of the By-Laws, titled “Application of By-Laws” states:

All present and future Unit Owners, mortgagees, lessees, sublessees and occupants of Units, and employees and guests of Unit Owners, as well as all other Persons who may use the Property, are and shall be subject to the Declaration, these By-Laws and Rules and Regulations, as each of the same may be amended from time to time. The acceptance of a deed or other instrument of conveyance, or the succeeding to title to, or the execution of a lease or sublease for, or the act of occupancy of, a Unit shall constitute an agreement that the provisions of the Declaration, these By-Laws and the Rules and Regulations, as each of the same may be amended from time to time, are accepted, ratified and will be complied with.

(*Id.* at 37).

Subrogation “allows an insurer to stand in the shoes of its insured and seek indemnification for third parties whose wrongdoing has caused a loss for which the insurer is bound to reimburse” (*Kaf-Kaf, Inc. v Rodless Decorations*, 90 NY2d 654, 660 [1997]). “While

parties to an agreement may waive their insurer's right of subrogation, a waiver of subrogation clause cannot be enforced beyond the scope of the specific context in which it appears (*Id.*). Subrogation waiver provisions have been found by courts to be "generally valid and enforceable" (*Liberty Mut. Ins. Co. v. Perfect Knowledge*, 299 AD2d 524, 526 [2d Dept 2002], citing *Gap v Red Apple Cos.*, 282 AD2d 119, 124 [1st Dept 2001]).

Plaintiff argues that the subrogation waiver only applies to the Condominium Board of Managers and not Unit Owners because Section 5.4(B), which addresses the insurance obtained by the Condominium Board, provides that "such insurance shall not cover any liability of a Unit Owner arising from occurrences within his own Unit or its Limited Residential Common Elements." However, this provision has no relation to the subrogation waiver, which is required in Section 5.4(E). Nor does Section 5.4(E) contain any language limiting the application of the subrogation waiver. As the waiver of subrogation is broad, it must also be applied broadly and not limited to the Condominium Board of Managers (*see Kaf-Kaf, Inc.*, 90 NY2d at 654).

Plaintiff's argument that the waiver of subrogation does not apply to Defendants because they are not Unit Owners is also unavailing. Unit 6A is owned by 18th Street Holding LLC, which is a single purpose entity formed by family trusts for the use of the residential unit by Defendant Raj Vattikuti and his family, including his niece, Defendant Divya Yalamanchili (NYSCEF Doc. No. 11, ¶ 6). Plaintiff asserts that Defendants cannot rely on the waiver of subrogation because they were merely occupants, and not the owners, of Unit 6A and therefore are not subject to the By-Laws. However, the cases cited by Plaintiff are inapposite to the instant action because they involve cases in which a party sought to invoke a waiver of subrogation from a contract to which they were not a party (*see St. Paul Fire & Marine Ins. Co. v FD Sprinkler Inc.*, 76 AD 931, 932 [1st Dept 2010] ["The subcontractors, who are neither signatories nor parties to the main contract

between the owner and the general contractor, cannot avail themselves of the waiver-of-subrogation clause contained therein.”]; see also *Gulf Ins. Co. v Quality Bldg. Contractor, Inc.*, 58 AD3d 595, 597 [2d Dept 2009] [“[HLZA]’s letter agreement with Park City . . . contains no waiver of subrogation by Park City, and HLZA was not a party to Park City’s contracts with either Quality of Affordable.”]).

Conversely, here, Defendants, as occupants of unit 6A, are parties to the By-Laws as the By-Laws plainly state that they shall apply to “[a]ll present and future Unit Owners . . . occupants of Units . . . as well as all other Persons who may use the Property” and that “the act of occupancy of a Unit shall constitute an agreement that the provisions of the Declaration, these By-Laws and the Rules and Regulations” (NYSCEF Doc. No. 19 at 37). Moreover, as previously noted, the language of Section 5.4(E) of the By-Laws is broad and does not limit the applicability of the waiver of subrogation to Unit Owners. As Defendants are subject to the By-Laws, and the broad waiver of subrogation does not limit its application, Defendants are covered by the waiver of subrogation.

Accordingly, it is hereby

ORDERED that Defendants’ motion to dismiss is granted; and it is further

ORDERED that Plaintiff’s complaint is dismissed; and it is further

ORDERED that the Clerk of the Court shall enter judgment accordingly.

This constitutes the decision and order of the Court.

12/12/2025
DATE


LESLIE A. STROTH, J.S.C.

CHECK ONE:

<input checked="" type="checkbox"/>	CASE DISPOSED	<input type="checkbox"/>	NON-FINAL DISPOSITION
<input checked="" type="checkbox"/>	GRANTED	<input type="checkbox"/>	GRANTED IN PART
<input type="checkbox"/>	SETTLE ORDER	<input type="checkbox"/>	OTHER
<input type="checkbox"/>	INCLUDES TRANSFER/REASSIGN	<input type="checkbox"/>	FIDUCIARY APPOINTMENT
		<input type="checkbox"/>	REFERENCE

APPLICATION:

CHECK IF APPROPRIATE: