NOT FOR PUBLICATION

FILED

OCT 29 2026

MOLLY C. DWYER, CLERK
U.S. COURT OF APPEALS

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

CITIZENS OF HUMANITY, LLC, Plaintiff - Appellant, v. RLI INSURANCE COMPANY, Defendant - Appellee.	No. 25-3693 D.C. No. 2:25-cv-00486-MWF-JPR MEMORANDUM[*]

Appeal from the United States District Court
for the Central District of California
Michael W. Fitzgerald, District Judge, Presiding

Submitted October 27, 2026[**]
Pasadena, California

Before: R. NELSON and H.A. THOMAS, Circuit Judges, and MARTÍNEZ-OLGUÍN, District Judge.[***]

Citizens of Humanity, LLC ("Citizens") appeals the district court's order dismissing its breach of contract, contractual bad faith, and tortious bad faith

[*] This disposition is not appropriate for publication and is not precedent except as provided by Ninth Circuit Rule 36-3.

[**] The panel unanimously concludes this case is suitable for decision without oral argument. *See* Fed. R. App. P. 34(a)(2).

[***] The Honorable Araceli Martínez-Olguín, United States District Judge for the Northern District of California, sitting by designation.

claims against RLI Insurance Company ("RLI"). We have jurisdiction under 28 U.S.C. § 1291. We affirm.

We review an order granting a motion to dismiss de novo. *Mudpie, Inc. v. Travelers Cas. Ins. Co. of Am.*, 15 F. 4th 885, 889 (9th Cir. 2021). "When interpreting state law, we are bound to follow the decisions of the state's highest court, and when the state supreme court has not spoken on an issue, we must determine what result the court would reach based on state appellate court opinions, statutes and treatises." *Id.* (citation modified).

1. Citizens failed to plausibly state a claim for breach of contract. The right to independent counsel arises only "if an insurer reserves its rights to deny indemnification on specific coverage issues, and the reservation creates a conflict of interest between the insurer and its insured that precludes dual representation . . ." *Swanson v. State Farm Gen. Ins. Co.*, 162 Cal. Rptr. 3d 477, 483 (Cal. Ct. App. 2013); *see also* Cal. Civ. Code § 2860(b). Here, contrary to Citizens' unreasonable interpretation of the language of the insurance policy, the policy did not contain an exclusion for claims based on "intentional conduct." *See John's Grill, Inc. v. Hartford Fin. Serv. Grp., Inc.*, 552 P.3d 1045, 1053 (Cal. 2024) (explaining that plain language of insurance policy governs if clear and explicit). And even if the policy did contain such an exclusion, RLI's "general reservation of rights [did] not give rise to a conflict of interest or create a duty to

provide independent counsel." *Fed. Ins. Co. v. MBL, Inc.*, 160 Cal. Rptr. 3d 910, 922 (Cal. Ct. App. 2013).[1]

2. For the same reasons, Citizens' claims for contractual and tortious bad faith also fail. *See San Diego Housing Comm. v. Industrial Indemnity Co.*, 80 Cal. Rptr. 2d 393, 403 (Cal. Ct. App. 1998) ("Where a breach of contract cannot be shown, there is no basis for a finding of breach of the covenant [of good faith and fair dealing]."); *Love v. Fire Ins. Exch.*, 271 Cal. Rptr. 246, 255 (Cal. Ct. App. 1990) (providing that to establish tortious bad faith, "benefits due under the policy must have been withheld").

AFFIRMED.

[1] Because Citizens has not presented any "convincing evidence" that the California Supreme Court would decide this issue differently, we decline its invitation to certify this matter to the California Supreme Court. *Doe v. Uber Techs., Inc.*, 90 F.4th 946, 949 (9th Cir. 2024) (citation modified).