WYOMING SUPREME COURT

Wyoming Medical Center, Inc. v. Wyoming Insurance Guaranty Ass'n, 2010 WY 21

225 P.3d 1061 (Wyo. 2010) · Decided February 26, 2010

SUMMARY

The Wyoming Supreme Court held that the Wyoming Insurance Guaranty Association's claim for reimbursement of insurance deductibles was not barred by res judicata because the Association was not identical or in privity with the insolvent insurer in the earlier action. The court concluded that the Association could recover deductibles that the solvent insurer would have been entitled to collect. It also held that attorney fees incurred by the insured in defending covered claims were excluded from "covered claims" under the Wyoming Insurance Guaranty Association Act and therefore could not be used as a setoff.

CASE DETAILS

COURT	Wyoming Supreme Court
WRITING FOR THE COURT	Kite; Burke; Golden; Hill; Voigt
JURISDICTION	Wyoming
DECIDED	February 26, 2010
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from district court orders granting summary judgment to WIGA on its complaint and on WMC's counterclaim.
STANDARD OF REVIEW	De novo review of summary judgment; questions of law (res judicata and statutory construction) reviewed de novo.
PRECEDENTIAL VALUE	Published
PARTIES	Wyoming Medical Center, Inc. v. Wyoming Insurance Guaranty Association

TOPICS

insurance · res judicata · summary judgment · statutory interpretation · contracts · attorney fees

PRACTICE AREAS

Insurance · Civil Procedure · Statutory Interpretation · Contracts

QUESTIONS PRESENTED

1. Whether res judicata bars WIGA's claim for deductibles
2. Whether WMC is entitled to a setoff for attorney fees

HOLDINGS

1. Res judicata does not bar WIGA's claim because WIGA is not in privity with PHICO and does not stand in its shoes for all purposes.
2. Attorney fees are excluded from 'covered claims' under the Act, so WIGA is not liable for them.

KEY QUOTATIONS

> *"The doctrine of res judicata simply does not apply to bar WIGA's claim."* (at 1065)

> *"The plain and ordinary meaning of the statutory language clearly reflects that the legislature intended WIGA to be obligated to pay the claims against WMC to the same extent PHICO would have been had it not become insolvent."* (at 1067)

> *"To construe the statutory language as WMC would have us do would require us to ignore the plain language chosen by the legislature."* (at 1070)

FACTUAL BACKGROUND

WMC had a health care providers liability insurance policy with PHICO with a $50,000 deductible per claim. PHICO became insolvent and was liquidated. WIGA paid three claims against WMC totaling $340,000, then demanded $125,000 in deductibles. WMC refused and obtained a default judgment against PHICO declaring it had no obligation to pay deductibles. WIGA then sued WMC for the deductibles. The district court granted summary judgment to WIGA.

PROCEDURAL HISTORY

WMC filed a declaratory judgment action against PHICO, its insolvent insurer, and obtained a default judgment that it had no obligation to pay deductibles to PHICO. WIGA then filed a complaint against WMC to recover deductibles. WMC asserted res judicata and counterclaimed for attorney fees. The district court granted summary judgment to WIGA on both the complaint and the counterclaim. WMC appealed.

DISPOSITION

affirmed

CASES CITED

- Stone v. Devon Energy Prod. Co., L.P., 2009 WY 114, 216 P.3d 489 (Wyo. 2009)
- McGarvey v. Key Prop. Mgmt. LLC, 2009 WY 84, 211 P.3d 508 (Wyo. 2009)
- Osborn v. Kilts, 2006 WY 142, 145 P.3d 1264 (Wyo. 2006)
- Luhm v. Bd. of Trustees of Hot Springs Co. Sch. Dist. No. 1, 2009 WY 63, 206 P.3d 1290 (Wyo. 2009)

- CJ v. SA, 2006 WY 49, 132 P.3d 196 (Wyo. 2006)
- Wyoming Ins. Guar. Ass'n v. Allstate Indemnity Co., 844 P.2d 464 (Wyo. 1992)
- Wyoming Ins. Guar. Ass'n v. Woods, 888 P.2d 192 (Wyo. 1994)
- Kennedy Oil v. Dep't of Revenue, 2008 WY 154, 205 P.3d 999 (Wyo. 2008)
- T & N PLC v. Pennsylvania Ins. Guar. Ass'n, 800 F. Supp. 1259 (E.D. Pa. 1992)
- Nebraska Life & Health Ins. Guar. Ass'n v. Dobias, 247 Neb. 900, 531 N.W.2d 217 (1995)
- Saylin v. Cal. Ins. Guar. Ass'n, 179 Cal. App. 3d 256, 224 Cal. Rptr. 493 (1986)
- Virginia Property & Casualty Ins. Guaranty Ass'n v. International Ins. Co., 238 Va. 702, 385 S.E.2d 614 (1989)
- Scherer v. Texas Property and Cas. Ins. Guar. Ass'n, 958 S.W.2d 413 (Tex. Ct. App. 1997)
- Hoiness-La Bar Ins. v. Julien Constr. Co., 743 P.2d 1262 (Wyo. 1987)

INSTRUCTIONS FOR AN AI ASSISTANT