SUPREME COURT OF OKLAHOMA

O'Neill v. Long

54 P.3d 109 (Okla. 2002) · No. No. 96,002 · Decided July 2, 2002

SUMMARY

The Oklahoma Supreme Court held that Oklahoma's Compulsory Insurance Law requires omnibus liability coverage up to the statutory minimum when the named insured has granted express or implied permission to use the insured vehicle, even if the permittee exceeds the scope of that permission. Coverage above the statutory minimum is governed by the insurance policy and freedom-of-contract principles, and a material deviation from the permitted use defeats such coverage. The court affirmed in part, reversed in part, vacated the Court of Civil Appeals' opinion, and remanded with instructions.

CASE DETAILS

COURT	Supreme Court of Oklahoma
WRITING FOR THE COURT	Boudreau, Justice
JURISDICTION	Oklahoma
DECIDED	July 2, 2002
DOCKET	No. 96,002
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from a garnishment judgment and summary interlocutory adjudications in favor of the judgment creditors and against State Farm, followed by certiorari review of the Court of Civil Appeals' decision.
STANDARD OF REVIEW	Summary-process legal rulings in a garnishment proceeding are reviewed de novo, independently and without deference to the trial court.
PRECEDENTIAL VALUE	Published, precedential decision of the Supreme Court of Oklahoma
PARTIES	State Farm Fire & Casualty Company v. Lawrence D. and Darlene E. O'Neill, American Fidelity Insurance Company, now American Mercury Insurance Company

TOPICS

insurance coverage · statutory interpretation · appellate procedure · standard of review · remedies

PRACTICE AREAS

insurance law | automobile liability insurance | garnishment | appellate procedure

QUESTIONS PRESENTED

1. Whether Oklahoma's Compulsory Insurance Law requires omnibus liability coverage when a permittee allows another person to use the insured vehicle contrary to the named insured's instructions.
2. Whether the statutory compulsory coverage extends only to the statutory minimum limits or also requires coverage up to the policy limits.
3. Whether Kevin Cole was an insured under State Farm's noncompulsory omnibus provision when he allowed Long to drive the vehicle in violation of the named insured's express instructions.
4. Whether the third garnishment was barred because the creditors failed to timely contest State Farm's answer in an earlier garnishment.

HOLDINGS

1. Once the named insured gives express or implied permission to use an insured vehicle, Oklahoma's Compulsory Insurance Law requires liability coverage to continue even when the permittee exceeds the scope of the named insured's consent, barring criminal theft.
2. The compulsory omnibus coverage required by Oklahoma law extends to the statutory minimum limits only: $10,000 per person, $20,000 per accident, and $10,000 for property damage.
3. Coverage above the statutory minimum is governed by the policy and the minor-deviation rule; a material deviation from the scope of permission defeats noncompulsory omnibus coverage.
4. The creditors' failure to timely contest State Farm's answer in the second garnishment did not conclusively establish State Farm's obligation concerning Long because the second garnishment did not address State Farm's obligation to indemnify Long.

KEY QUOTATIONS

> *"We hold that where the named insured gives permission to another to use the insured vehicle, Oklahoma's Compulsory Insurance Law requires liability insurance must continue to cover the insured vehicle even though the permittee exceeds the scope of the named insured's consent."* (54 P.3d at 114)

> *"Once express or implied permission to use an insured vehicle is granted, the omnibus coverage is fixed barring criminal theft."* (54 P.3d at 114)

> *"Omnibus coverage in excess of the statutory minimum compulsory insurance is controlled by freedom-of-contract principles."* (54 P.3d at 116)

> *"Proof of a material deviation from the scope of consent defeats non-compulsory omnibus liability coverage."* (54 P.3d at 116)

FACTUAL BACKGROUND

Willie Cole loaned his vehicle to his nephew Kevin Cole to look for a job, expressly instructing Kevin not to allow anyone else to drive it. Despite that instruction, Kevin allowed Jeffery Dean Long to drive the vehicle, and Long collided with an automobile occupied by Lawrence and Darlene O'Neill. The O'Neills' uninsured-motorist insurer paid them $100,000, and the O'Neills and American Fidelity later obtained default judgments and pursued State Farm, the vehicle's liability insurer, through garnishment.

PROCEDURAL HISTORY

After the O'Neills and American Fidelity obtained default judgments against Jeffery Dean Long and Kevin Cole arising from an automobile collision, they initiated garnishment proceedings against State Farm. The trial court ruled that State Farm owed the statutory minimum compulsory liability coverage and that Kevin Cole was entitled to the policy limits. The Court of Civil Appeals reversed in part, concluding that Long's use was unauthorized, and remanded for further proceedings. The Oklahoma Supreme Court granted certiorari, vacated the Court of Civil Appeals' opinion, affirmed the statutory-minimum coverage ruling, reversed the policy-limits ruling, and remanded with instructions.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The trial court shall enter judgment in favor of the plaintiffs/appellees in the amount of the statutory minimum compulsory insurance.

CASES CITED

- Hartline v. Hartline, 2001 OK 15, 39 P.3d 765
- Lumbermens Mutual Casualty Company v. Iowa Home Mutual Casualty Company, 1965 OK 87, 405 P.2d 160
- Harkrider v. Posey, 2000 OK 94, 24 P.3d 821
- Pierce v. Oklahoma Property and Casualty Co., 1995 OK 78, 901 P.2d 819
- Young v. Mid-Continent Casualty Co., 1987 OK 88, 743 P.2d 1084
- Equity Mutual Insurance Co. v. Spring Valley Wholesale Nursery, Inc., 1987 OK 121, 747 P.2d 947
- Lloyds America v. Tinkelpaugh, 1939 OK 135, 88 P.2d 356
- Patel v. OMH Medical Center, Inc., 1999 OK 33, 987 P.2d 1185
- Brown v. Nicholson, 1997 OK 32, 935 P.2d 319
- Kluver v. Weatherford Hospital Authority, 1993 OK 85, 859 P.2d 1081
- Hough v. Leonard, 1993 OK 112, 867 P.2d 438
- State Farm v. Koval, 146 F.2d 118 (10th Cir. 1944)
- First Bank of Turley v. Fidelity and Deposit Insurance Company of Maryland, 1996 OK 105, 928 P.2d 298

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