SUPREME COURT OF SOUTH CAROLINA

Brown v. Allstate Insurance Company, 344 S.C. 21

542 S.E.2d 723 (2001) · No. No. 25253 · Decided February 20, 2001

SUMMARY

The Supreme Court of South Carolina held that evidence the State did not prosecute an insured for arson is irrelevant and inadmissible in a civil action for fire-insurance proceeds. The court nevertheless found the admission harmless because the insurer failed to prove the insured's motive, an essential element of its arson defense, and reinstated the trial court's judgment for the insured.

CASE DETAILS

COURT	Supreme Court of South Carolina
WRITING FOR THE COURT	Toal, Chief Justice; Toal, C.J.; Moore, J.; Waller, J.; Burnett, J.; Pleicones, J.
JURISDICTION	South Carolina
DECIDED	February 20, 2001
DOCKET	No. 25253
DISPOSITION	reversed
PROCEDURAL POSTURE	Brown sued Allstate for breach of contract and bad-faith refusal to pay fire-insurance benefits. After a bench trial, the trial court awarded Brown $25,000 for breach of contract but rejected the bad-faith claim. The Court of Appeals reversed based on the admission of evidence that Brown had not been prosecuted for arson. The Supreme Court of South Carolina granted certiorari and reversed the Court of Appeals.
STANDARD OF REVIEW	The Supreme Court reviewed the evidentiary ruling and whether the admission of incompetent evidence was prejudicial or harmless in the context of a bench trial.
PRECEDENTIAL VALUE	Published opinion; precedential
PARTIES	Tommy E. Brown, Sr. v. Allstate Insurance Company

TOPICS

insurance coverage · evidence · harmless error · appellate procedure · breach of contract

PRACTICE AREAS

insurance law · evidence · appellate procedure · contract litigation

QUESTIONS PRESENTED

1. Whether evidence that the State did not charge or prosecute Brown for arson was relevant and admissible in his civil action for fire-insurance proceeds.
2. Whether admission of that evidence required reversal of the trial court's judgment in a bench trial.
3. Whether the insurer proved the elements of an arson defense, including the insured's motive, by a preponderance of the evidence.

HOLDINGS

1. Evidence that an insured was not prosecuted for arson or related criminal offenses is irrelevant and inadmissible in a civil action seeking fire-insurance proceeds when the insurer defends on the ground that the insured caused the fire.
2. Although the trial court improperly admitted evidence of Brown's nonprosecution, the error was harmless because Allstate failed to prove motive, an essential element of its arson defense, and the record did not show that the trial judge relied on the incompetent evidence.
3. To establish an arson defense, an insurer must prove by a preponderance of the evidence that the fire was of incendiary origin and that the insured caused it; circumstantial evidence may suffice if it establishes the insured's opportunity and motive.
4. The Supreme Court rejected the Court of Appeals' proposed rule that a trial judge sitting without a jury must affirmatively reject every item of incompetent evidence admitted on the ultimate issue.

KEY QUOTATIONS

> *"evidence of non-prosecution for criminal arson is irrelevant and immaterial in a civil case for fire insurance proceeds."* (at 24)

> *"We reject this rule because it would require trial judges to rule on all admitted evidence in a bench trial."* (at 27)

FACTUAL BACKGROUND

Brown's 1984 Chevrolet Corvette was intentionally burned after he left it parked overnight on the side of a highway. Brown submitted a claim for the vehicle's value, but Allstate denied the claim on the ground that Brown had committed or directed the arson and had misrepresented his involvement. At trial, the court found an incendiary fire and opportunity but no sufficient motive, and it awarded Brown $25,000 for breach of contract. Over Allstate's objection, the trial judge admitted Brown's testimony that he had not been criminally charged with arson or related offenses.

PROCEDURAL HISTORY

The trial court found that the vehicle fire was intentionally set and that Brown had the opportunity to set it, but held that Allstate failed to prove motive and awarded Brown the value of the vehicle under the policy. The trial court dismissed the bad-faith claim. The Court of Appeals held that evidence of the State's failure to prosecute Brown for arson was inadmissible and that its admission required reversal. The Supreme Court agreed that the evidence was inadmissible but held its admission harmless and reinstated the trial court's judgment.

DISPOSITION

reversed

REMAND INSTRUCTIONS

None stated; the Supreme Court reinstated the trial court's decision.

CASES CITED

- Brown v. Allstate Insurance Co., 337 S.C. 499, 523 S.E.2d 807 (Ct. App. 1999)
- Rabon v. Great Southwest Fire Insurance Co., 818 F.2d 306 (4th Cir. 1987)
- Kelly's Auto Parts, No. 1, Inc. v. Boughton, 809 F.2d 1247 (6th Cir. 1987)
- American Home Assurance Co. v. Sunshine Supermarket, Inc., 753 F.2d 321 (3d Cir. 1985)
- Kamenov v. North Assurance Co. of America, 259 A.D.2d 958, 687 N.Y.S.2d 838 (1999)
- Cook v. Auto Club Insurance Association, 217 Mich. App. 414, 552 N.W.2d 661 (1996)
- Krueger v. State Farm Fire & Casualty Co., 510 N.W.2d 204 (Minn. Ct. App. 1993)
- Carter v. American Mutual Fire Insurance Co., 297 S.C. 218, 375 S.E.2d 356 (Ct. App. 1988)
- Fortson v. Cotton States Mutual Insurance Co., 168 Ga. App. 155, 308 S.E.2d 382 (1983)

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