SUPREME COURT OF WYOMING

Principal Life Insurance Company v. Summit Well Service, Inc.

Principal Life Insurance Co. v. Summit Well Service, Inc., 57 P.3d 1257 (Wyo. 2002) · No. Nos. 01-183, 01-184 · Decided November 22, 2002

SUMMARY

The Wyoming Supreme Court held that a life insurance policy's designation of “Summit Well Service” as beneficiary was ambiguous because it could refer to either a corporation or a business association involving the insured and his associates. Considering the surrounding circumstances, the court concluded that the parties intended the business association to receive the proceeds and that Principal Life Insurance Company properly paid the benefits to authorized representatives of that business. The court reversed the trial court's judgment for breach of contract, including its award of attorney's fees, costs, and interest, and remanded the matter.

CASE DETAILS

COURT	Supreme Court of Wyoming
WRITING FOR THE COURT	Kite, Justice; Hill, C.J.; Golden, J.; Lehman, J.; Kite, J.; Voigt, J.
JURISDICTION	Wyoming
DECIDED	November 22, 2002
DOCKET	Nos. 01-183, 01-184
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Principal appealed from a bench-trial judgment holding that it breached a life-insurance contract by paying the policy proceeds to Byron Woodard and Brent Nelson rather than to Ann Allen as representative of Summit Well Service, Inc. Woodard separately appealed rulings concerning interpretation of the parties' contract and intentional misrepresentation. The Wyoming Supreme Court consolidated the appeals for decision.
STANDARD OF REVIEW	The Supreme Court reviews legal conclusions de novo and factual findings under the clearly erroneous standard. Contract interpretation and whether a contract is ambiguous are questions of law reviewed de novo.
PRECEDENTIAL VALUE	Published Wyoming Supreme Court opinion; precedential.

PARTIES	Principal Life Insurance Company, Byron R. Woodard v. Summit Well Service, Inc., Ann P. Allen, as personal representative and executrix of the Estate of Robert M. Allen, Ann P. Allen, individually, Principal Life Insurance Company

TOPICS

life insurance litigation · insurance coverage · contract interpretation · breach of contract · appellate procedure

PRACTICE AREAS

insurance law · contract law · appellate procedure · remedies

QUESTIONS PRESENTED

1. Whether the life-insurance contract unambiguously designated Summit Well Service, Inc. as beneficiary.
2. Whether the beneficiary designation was ambiguous and, if so, whether extrinsic evidence established that the parties intended Summit, the business association of Allen, Woodard, and Nelson, to receive the proceeds.
3. Whether Principal breached the insurance contract by paying the proceeds to Woodard and Nelson as authorized representatives of Summit.
4. Whether the awards of attorney fees, costs, and interest could stand after determination that Principal properly paid the proceeds.
5. Whether the issues concerning statutory defenses, equitable estoppel, ratification, and Woodard's appeal required decision.

HOLDINGS

1. The beneficiary designation identifying 'Summit Well Service' was ambiguous as a matter of law because the policy materials were susceptible to referring either to Summit Well Service, Inc., the Utah corporation, or to Summit, the business association of Allen, Woodard, and Nelson.
2. Principal did not breach the insurance contract because the parties intended Summit, the business association of Allen, Woodard, and Nelson, to be the beneficiary, and Principal properly paid the proceeds to Woodard and Nelson as authorized representatives of that business.
3. The awards of attorney fees, costs, and interest to Allen and the related entities could not stand because Principal's payment of the policy proceeds was proper and there was no breach of contract.

KEY QUOTATIONS

> *"A contract is ambiguous if indefiniteness of expression or double meaning obscure the parties' intent."* (57 P.3d at 1262)

> *"Given this determination, Principal did not breach the contract of insurance when it paid the policy proceeds to Mr. Nelson."* (57 P.3d at 1264)

> *“We hold the business, Summit Well Services, was the intended beneficiary under the policy; Principal properly paid the policy proceeds to Mr. Woodard and Mr. Nelson as authorized representatives of that business; and there was no breach of contract.”* (57 P.3d at 1265)

FACTUAL BACKGROUND

Robert Allen, Byron Woodard, and Brent Nelson conducted business involving Summit Well Service and related companies. They obtained individual life-insurance policies from Principal, with Summit named as beneficiary and Nelson identified as policy owner; the applications and policy materials reflected conflicting references to the business entity and its ownership. After Allen died, Principal paid the proceeds to Summit through Woodard and Nelson, who later divided or used the funds. Allen's widow, Ann Allen, contended that Summit Well Service, Inc., a corporation owned by Allen, was the beneficiary and sued Principal after the payment.

PROCEDURAL HISTORY

After Robert Allen's death, Principal paid the life-insurance proceeds to Summit through Woodard and Nelson. Ann Allen and related entities pursued claims alleging improper payment, breach of contract, and bad faith. Following a bench trial, the district court found Principal liable for breach of contract and awarded policy proceeds, interest, attorney fees, and costs, while ruling for Principal on bad faith and its cross-claim against Woodard. Principal and Woodard timely appealed.

DISPOSITION

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reversed_and_remanded
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REMAND INSTRUCTIONS

Enter an amended judgment consistent with the opinion, including reversal of the judgment in favor of Allen against Principal and reversal of the judgment in favor of Principal against Woodard and Nelson.

CASES CITED

- Evans v. Farmers Insurance Exchange, 2001 WY 110, ¶¶ 8-9, 34 P.3d 284 (Wyo. 2001)
- Helm v. Board of County Commissioners, Teton County, Wyoming, 989 P.2d 1273, 1275 (Wyo. 1999)
- Polo Ranch Co. v. City of Cheyenne, 969 P.2d 132, 136, 140 (Wyo. 1998)
- Sinclair Oil Corp. v. Republic Insurance Co., 929 P.2d 535, 539-40 (Wyo. 1996)
- Sierra Trading Post, Inc. v. Hinson, 996 P.2d 1144, 1148 (Wyo. 2000)
- St. Paul Fire & Marine Insurance Co. v. Albany County School District No. 1, 763 P.2d 1255, 1258 (Wyo. 1988)
- Hulse v. First American Title Co. of Crook County, 2001 WY 95, ¶ 37, 33 P.3d 122, ¶ 37 (Wyo. 2001)
- Martin v. Farmers Insurance Exchange, 894 P.2d 618, 620 (Wyo. 1995)
- Hansen v. Little Bear Inn Co., 9 P.3d 960, 964 (Wyo. 2000)
- Farmers Insurance Exchange v. Dahlheimer, 3 P.3d 820, 826 (Wyo. 2000)
- Frost Construction Co. v. Lobo, Inc., 951 P.2d 390, 394 (Wyo. 1998)

- Wilder v. Cody Country Chamber of Commerce, 868 P.2d 211, 216 (Wyo. 1994)
- Examination Management Services, Inc. v. Kirschbaum, 927 P.2d 686, 689 (Wyo. 1996)
- Amoco Production Co. v. Stauffer Chemical Co. of Wyoming, 612 P.2d 463, 465 (Wyo. 1980)
- Hopper v. All Pet Animal Clinic, Inc., 861 P.2d 531, 538 (Wyo. 1993)

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