SUPREME COURT OF NEVADA

St. Paul Fire & Marine Insurance v. Employers Insurance Co. of Nevada

122 Nev. 991 (2006) · No. Docket Nos. 43518 and 42621 · Decided November 9, 2006

SUMMARY

The Nevada Supreme Court considered whether workers' compensation insurers have an independent statutory right to seek subrogation against employer-provided uninsured/underinsured motorist coverage. The court held that NRS 616C.215(3) grants such an independent right of action, but that the UM/UIM insurer may enforce policy exclusions and limitations restricting recovery by workers' compensation insurers. The court affirmed in part, reversed in part, and remanded.

CASE DETAILS

COURT	Supreme Court of Nevada
WRITING FOR THE COURT	Maupin, J.; Rose, C.J.; Becker, J.; Gibbons, J.; Douglas, J.; Parraguirre, J.
JURISDICTION	Nevada
DECIDED	November 9, 2006
DOCKET	Docket Nos. 43518 and 42621
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Consolidated appeals from orders granting Employers Insurance Company of Nevada summary judgment in two subrogation actions involving employer-provided uninsured/underinsured motorist coverage.
STANDARD OF REVIEW	De novo review of the district court's construction of NRS 616C.215.
PRECEDENTIAL VALUE	Published Nevada Supreme Court opinion
PARTIES	St. Paul Fire & Marine Insurance v. Employers Insurance Company of Nevada

TOPICS

workers compensation · uninsured motorist · subrogation · insurance coverage · statutory interpretation

PRACTICE AREAS

insurance | workers compensation | insurance subrogation | uninsured/underinsured motorist coverage

QUESTIONS PRESENTED

1. Whether NRS 616C.215(3) gives a workers' compensation insurer an independent right of action to subrogate against UM/UIM coverage purchased by an employer, even when the injured employee has not made a UM/UIM claim.
2. Whether an employer's UM/UIM insurer may enforce policy provisions excluding payments benefiting a workers' compensation insurer and limiting duplicate recovery for elements of loss already covered by workers' compensation.
3. Whether the 1993 amendments to NRS 616C.215 displaced the rule in Continental Casualty Co. v. Riveras permitting offset or restricted UM/UIM coverage.

HOLDINGS

1. NRS 616C.215(3) grants a workers' compensation insurer an independent right of action to seek subrogation against UM/UIM coverage purchased by an employer, regardless of whether the injured employee has made a claim against that coverage.
2. A UM/UIM insurer may restrict a workers' compensation insurer's subrogation recovery through policy provisions that exclude payments benefiting workers' compensation insurers and prevent duplicate payment for elements of loss already covered by workers' compensation.

KEY QUOTATIONS

> *"Because subrogation necessarily includes a right of action, we conclude that the Legislature intended in the current version of NRS 616C.215(3) to allow industrial insurers an independent right of action against UM/UIM coverage provided by the employer, irrespective of any claims made by an injured employee against such coverage."* (997)

> *"NRS 616C.215(3) grants workers' compensation insurers like EICON an independent right to seek subrogation against UM/UIM coverage purchased by an insured employer. That right, however, may be restricted by the UM/UIM carrier through the use of limitations and exclusions such as those utilized by St. Paul in the instant matter."* (1001)

FACTUAL BACKGROUND

April Wessman and James Ormonde were injured in work-related automobile accidents while driving employer-owned vehicles insured under St. Paul policies that included UM/UIM coverage. Both workers received workers' compensation benefits from EICON; Ormonde also recovered the adverse driver's policy limits and pursued UM/UIM benefits. EICON sought reimbursement from the employer-provided UM/UIM coverage, while St. Paul relied on policy provisions excluding payments benefiting workers' compensation insurers and limiting duplicate recovery for losses already covered by workers' compensation.

PROCEDURAL HISTORY

In the Wessman matter, the district court granted EICON summary judgment, declaring that it had an independent right to subrogate against the employer's UM/UIM coverage, and entered judgment for $12,459.20 plus interest. In the Ormonde matter, the district court granted EICON summary judgment, held St. Paul's exclusion and limitation provisions void under NRS 616C.215(3), and entered judgment for $89,074.27 plus costs. The Supreme Court of Nevada consolidated St. Paul's appeals, affirmed EICON's independent right of action, reversed the ruling invalidating the policy provisions, and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand for proceedings consistent with the opinion, including enforcement of St. Paul's exclusion and limitation provisions and further resolution of the parties' claims under those provisions.

CASES CITED

- Continental Casualty Co. v. Riveras, 107 Nev. 530, 814 P.2d 1015 (1991)
- Truck Insurance Exchange v. SIIS, 107 Nev. 995, 823 P.2d 279 (1991)
- Silvera v. EICON, 118 Nev. 105, 40 P.3d 429 (2002)
- Orr Ditch Co. v. District Court, 64 Nev. 138, 178 P.2d 558 (1947)
- Hansen v. Harrah's, 100 Nev. 60, 675 P.2d 394 (1984)