SUPREME COURT OF NEVADA

Kaldi v. Farmers Insurance Exchange, 117 Nev. 273

21 P.3d 16 (2001) · No. No. 32620 · Decided April 13, 2001

SUMMARY

The Supreme Court of Nevada affirmed dismissal of Steven R. Kaldi's claims arising from Farmers Insurance's termination of his exclusive agency agreement. The court held that Kaldi was an independent contractor, the agreement permitted termination without cause upon three months' written notice, and the termination-review provision did not require good cause. The court also rejected Kaldi's parol-evidence and trade-secret claims.

CASE DETAILS

COURT	Supreme Court of Nevada
WRITING FOR THE COURT	Maupin, C.J.; Young, J.; Becker, J.
JURISDICTION	Nevada
DECIDED	April 13, 2001
DOCKET	No. 32620
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from an order of the Clark County District Court dismissing Kaldi's complaint.
STANDARD OF REVIEW	On review of an order granting a motion to dismiss, the court considers whether the challenged pleading alleges facts sufficient to establish the elements of a right to relief and accepts all factual allegations in the complaint as true.
PRECEDENTIAL VALUE	Published Nevada Supreme Court opinion; precedential.
PARTIES	Steven R. Kaldi v. Farmers Insurance Exchange, Truck Insurance Exchange, Fire Insurance Exchange, Mid-Century Insurance Company, Farmers New World Life Insurance Co., Farmers Group, Inc., Kyle Wolff, Jon Porter, Jerry J. Carnahan

TOPICS

contract interpretation · parol evidence rule · trade secret misappropriation · contracts · appellate procedure

PRACTICE AREAS

contracts | insurance | trade secret misappropriation | appellate procedure

QUESTIONS PRESENTED

1. Whether the Agent Appointment Agreement created an employer-employee relationship rather than an independent-contractor agency relationship.
2. Whether the agreement required Farmers to establish good cause before terminating Kaldi's agency.
3. Whether the termination-review provision made the agreement ambiguous or otherwise permitted parol evidence to establish a good-cause requirement.
4. Whether Kaldi adequately pleaded misappropriation of trade secrets based on Farmers' use or disclosure of customer information after termination.

HOLDINGS

1. The agreement unambiguously established that Kaldi was an independent contractor and not an employee of Farmers.
2. The agreement did not require Farmers to establish good cause before terminating Kaldi's agency; it permitted termination without cause upon three months' advance written notice.
3. The termination-review provision did not require a showing of good cause and did not make the agreement ambiguous.
4. The complaint's allegations concerning the Agent Appointment Agreement Explainer and Farmers' practices could not be used to contradict or supplement the agreement's unambiguous termination provisions.
5. Kaldi failed to state a viable misappropriation claim because the agreement expressly identified the manuals, lists, records, and policyholder information as Farmers' confidential property, and no breach of the agreement was established.

KEY QUOTATIONS

> “*The plain language of the Agreement does not support Kaldi's assertion.*” (at 20)

> “*Provision 'D' cannot be reasonably read to require Farmers to establish good cause before terminating the Agreement.*” (at 21)

> “*To do so would be to eviscerate the parol evidence rule.*” (at 22)

> “*Silence on this issue within a written contract cannot create an ambiguity.*” (at 23)

FACTUAL BACKGROUND

Kaldi and Farmers entered into an Agent Appointment Agreement in 1981 authorizing Kaldi to sell Farmers insurance as an independent contractor. The agreement allowed either party to terminate on three months' written notice and allowed immediate termination for specified misconduct; it also provided for review by a termination review board and designated policyholder information and records as Farmers' confidential property. Farmers gave Kaldi notice of termination in September 1996, the review board upheld the termination, and Farmers paid him the contractual value of the agency. Kaldi then sued, claiming that termination required good cause and that Farmers' handling of customer information constituted misappropriation.

PROCEDURAL HISTORY

Kaldi sued Farmers and related respondents after Farmers terminated his exclusive insurance agency agreement. He asserted breach of contract, tort, breach of the implied covenant of good faith and fair dealing, and misappropriation of trade secrets, arguing that termination required good cause and that customer information belonged to him. The district court dismissed the complaint, concluding that the agreement was an unambiguous independent-contractor agency agreement terminable upon appropriate notice and that the remaining claims could not proceed without a contract breach. The Nevada Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- Madera v. SIIS, 114 Nev. 253, 256, 956 P.2d 117, 119 (1998)
- Pemberton v. Farmers Ins. Exchange, 109 Nev. 789, 792, 858 P.2d 380, 381 (1993)
- Marcoz v. Summa Corporation, 106 Nev. 737, 739, 801 P.2d 1346, 1347 (1990)
- Edgar v. Wagner, 101 Nev. 226, 227-28, 699 P.2d 110, 111-12 (1985)
- Ellison v. C.S.A.A., 106 Nev. 601, 603, 797 P.2d 975, 977 (1990)
- Southern Trust v. K & B Door Co., 104 Nev. 564, 568, 763 P.2d 353, 355 (1988)
- State ex rel. List v. Courtesy Motors, 95 Nev. 103, 107, 590 P.2d 163, 165 (1979)
- Daly v. Del E. Webb Corp., 96 Nev. 359, 361, 609 P.2d 319, 320 (1980)
- Geo. B. Smith Chemical v. Simon, 92 Nev. 580, 582, 555 P.2d 216, 216 (1976)
- Russ v. General Motors Corp., 111 Nev. 1431, 906 P.2d 718 (1995)
- General Motors Corp. v. Superior Court, 12 Cal. App. 4th 435, 15 Cal. Rptr. 2d 622, 626 (1993)
- Bionghi v. Metropolitan Water District, 70 Cal. App. 4th 1358, 83 Cal. Rptr. 2d 388, 394 (1999)
- Pacific Gas & Electric Co. v. G.W. Thomas Drayage & Rigging Co., 69 Cal. 2d 33, 69 Cal. Rptr. 561, 442 P.2d 641 (1968)
- Wallis v. Farmers Group, Inc., 220 Cal. App. 3d 718, 269 Cal. Rptr. 299 (1990)
- Masterson v. Sine, 68 Cal. 2d 222, 65 Cal. Rptr. 545, 436 P.2d 561 (1968)
- Crow-Spieker # 23 v. Robinson, 97 Nev. 302, 305, 629 P.2d 1198, 1199 (1981)
- Alexander v. Simmons, 90 Nev. 23, 24, 518 P.2d 160, 161 (1974)
- Frantz v. Johnson, 116 Nev. 455, 466, 999 P.2d 351, 358 (2000)
- Hardy v. First Nat'l Bank of Nev., 86 Nev. 921, 478 P.2d 581 (1970)
- D'Angelo v. Gardner, 107 Nev. 704, 819 P.2d 206 (1991)

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