SUPREME COURT OF KENTUCKY

Wanda Jean Thiele v. Kentucky Growers Insurance Company

522 S.W.3d 198 (Ky. 2017) · No. 2015-SC-000158-DG · Decided June 15, 2017

SUMMARY

The Kentucky Supreme Court affirmed the Court of Appeals' reversal of a trial court judgment awarding coverage for termite damage under a homeowner's policy. The court held that Kentucky's precedent requires an actual collapse of a building or part of a building and declined to adopt the broader majority rule based on substantial impairment of structural integrity. A dissent argued that portions of the residence had broken down and therefore satisfied the policy's collapse provision.

CASE DETAILS

COURT	Supreme Court of Kentucky
WRITING FOR THE COURT	Justice Cunningham; Minton, C.J.; Cunningham, J.; Hughes, J.; Keller, J.; Venters, J.; Wright, J.
JURISDICTION	Kentucky
DECIDED	June 15, 2017
DOCKET	2015-SC-000158-DG
DISPOSITION	affirmed
PROCEDURAL POSTURE	Declaratory-judgment action concerning coverage under a homeowner's insurance policy. The circuit court entered judgment for the insured; the Court of Appeals reversed; the Supreme Court of Kentucky reviewed and affirmed the Court of Appeals.
STANDARD OF REVIEW	De novo review applies to the interpretation of insurance contracts because interpretation is a matter of law.
PRECEDENTIAL VALUE	published Kentucky Supreme Court opinion; binding Kentucky precedent
PARTIES	Wanda Jean Thiele, et al. v. Kentucky Growers Insurance Company

TOPICS

insurance coverage · casualty insurance litigation · contract interpretation · appellate procedure · standard of review

PRACTICE AREAS

insurance law | contract law | appellate procedure

QUESTIONS PRESENTED

1. Whether the term "collapse" in the homeowner's insurance policy should be interpreted under the Kentucky rule requiring a falling down or going to pieces of a building or part of a building.
2. Whether Kentucky should adopt the more lenient majority rule under which substantial impairment of a building's structural integrity may constitute collapse even without an actual falling down.
3. Whether the insured could recover under the policy for termite damage when the residence had not collapsed under the controlling Kentucky definition.

HOLDINGS

1. Under Kentucky law, "collapse" has its plain and ordinary meaning and requires a falling down, breaking down, or going to pieces of a building or part of a building; mere damage or a condition of impending collapse is insufficient.
2. Kentucky declines to adopt the majority rule that substantial impairment of structural integrity can constitute collapse without an actual falling down or breaking down.
3. Interpretation of an insurance contract is a question of law reviewed de novo on appeal.

KEY QUOTATIONS

> *“We decline Appellant’s invitation to adopt the majority rule.”* (522 S.W.3d at 200)

> *“The meaning of “collapse” is clear.”* (522 S.W.3d at 200)

> *“Therefore, we believe that Curtsinger was rightly decided and see no reason to depart from its holding.”* (522 S.W.3d at 200)

FACTUAL BACKGROUND

Hiram Campbell purchased a self-renewing homeowner's insurance policy covering his home in Brodhead, Kentucky. After Campbell died, his daughter Wanda Thiele moved into the home and later discovered extensive termite damage to the flooring, wall paneling, and other portions of the residence. Kentucky Growers denied coverage under a policy provision covering direct physical loss involving the collapse of a building or part of a building caused by hidden insect or vermin decay, because no collapse had occurred.

PROCEDURAL HISTORY

After Kentucky Growers denied Thiele's claim for termite-related damage under the policy's collapse provision, Thiele filed a declaration-of-rights action in Rockcastle Circuit Court. The circuit court entered judgment in Thiele's favor. A unanimous Court of Appeals panel reversed, and the Supreme Court of Kentucky affirmed that decision and remanded to the trial court for further proceedings.

DISPOSITION

affirmed

REMAND INSTRUCTIONS

The decision of the Kentucky Court of Appeals reversing the trial court's judgment was affirmed, and the case was remanded to the trial court for further proceedings.

CASES CITED

- Cincinnati Ins. Co. v. Motorists Mut. Ins., 306 S.W.3d 69, 73 (Ky. 2010)
- Niagara Fire Ins. Co. v. Curtsinger, 361 S.W.2d 762, 763-65 (Ky. 1962)
- Sandalwood Condominium Ass'n at Wildwood, Inc. v. Allstate Ins. Co., 294 F. Supp. 2d 1315, 1318 (M.D. Fla. 2003)
- Nationwide Mut. Ins. Co. v. Nolan, 10 S.W.3d 129, 131 (Ky. 1999)
- Heintz v. U.S. Fidelity & Guar. Co., 730 S.W.2d 268, 269 (Mo. App. 1987)
- Koch v. Ocean Acc. & Guar. Corp., 230 S.W.2d 893, 895 (Ky. 1950)
- State Auto. Mut. Ins. Co. v. Trautwein, 414 S.W.2d 587, 589 (Ky. 1967)
- Eyler v. Nationwide Mut. Fire Ins. Co., 824 S.W.2d 855, 859-60 (Ky. 1992)
- Webb v. Ky. Farm Bureau Ins. Co., 577 S.W.2d 17 (Ky. App. 1978)
- St. Paul Fire & Marine Ins. Co. v. Powell-Walton-Milward, Inc., 870 S.W.2d 223, 226-27 (Ky. 1994)
- Bidwell v. Shelter Mut. Ins. Co., 367 S.W.3d 585, 588-91 (Ky. 2012)
- Simon v. Continental Ins. Co., 724 S.W.2d 210, 213 (Ky. 1986)
