SUPREME COURT OF SOUTH CAROLINA

Kevin Cowan and Jimmy Blanding v. Allstate Insurance Company, 357 S.C. 625

594 S.E.2d 275 (2004) · No. No. 25791 · Decided March 15, 2004

SUMMARY

The Supreme Court of South Carolina held that South Carolina Code section 38-77-142(B) did not modify the rule established in Shores v. Weaver that an insured's failure to cooperate does not defeat mandatory minimum insurance coverage owed to an innocent third party. The court reversed the Court of Appeals and the trial court's grant of summary judgment to Allstate, concluding that the statute governs the relationship between the insurer and insured and does not impose notice requirements on third-party claimants.

CASE DETAILS

COURT	Supreme Court of South Carolina
WRITING FOR THE COURT	Justice Pleicones; Chief Justice Toal; Justice Waller; Justice Burnett; Acting Justice Thomas L. Hughston, Jr.
JURISDICTION	South Carolina
DECIDED	March 15, 2004
DOCKET	No. 25791
DISPOSITION	reversed
PROCEDURAL POSTURE	Petitioners brought a declaratory judgment action seeking a declaration that Allstate was liable for an insured's unpaid default judgment. The parties filed cross-motions for summary judgment. The trial court granted Allstate's motion, and the Court of Appeals affirmed. The Supreme Court of South Carolina granted certiorari and reversed.
STANDARD OF REVIEW	The court reviewed the interpretation of a statute and the grant of summary judgment; the opinion does not state a separate formal standard-of-review formulation.
PRECEDENTIAL VALUE	published opinion
PARTIES	Kevin Cowan, Jimmy Blanding v. Allstate Insurance Company

TOPICS

insurance coverage · statutory interpretation · plain meaning rule · declaratory relief insurance · summary judgment

PRACTICE AREAS

automobile insurance · insurance coverage · statutory interpretation · declaratory judgment · summary judgment

QUESTIONS PRESENTED

1. Whether S.C. Code section 38-77-142(B) relieves an insurer of its obligation under Shores v. Weaver to pay a judgment up to the statutory minimum limits when the insured failed to notify the insurer of the suit or motion for judgment.
2. Whether section 38-77-142(B) modified the rule that an insured's failure to cooperate does not void mandatory minimum coverage as to an innocent third-party victim.

HOLDINGS

1. Section 38-77-142(B) does not impact or modify the holding in Shores v. Weaver.
2. Allstate was not entitled to summary judgment on the ground that section 38-77-142(B) relieved it of responsibility for the judgment.

KEY QUOTATIONS

> *"In plain and ordinary terms, this sentence in § 38-77-142(B) governs only the relationship between an insurer and its insured."* (629)

> *"We hold that § 38-77-142(B) does not impact the holding in Shores v. Weaver, supra."* (630)

FACTUAL BACKGROUND

Allstate issued an automobile liability policy to Griffis, who permitted Johnson to drive the vehicle. Johnson was involved in an accident with Cowan and Blanding, failed to answer their suit, and was held in default; petitioners ultimately obtained judgments of $9,600 and $4,500. Although petitioners' counsel notified Allstate of the representation shortly after the complaint was filed, Allstate did not receive notice of the suit, default motion, damages hearing, or judgment until after judgment had been entered. Allstate refused to pay, relying on S.C. Code section 38-77-142(B).

PROCEDURAL HISTORY

After Johnson, the permissive driver of a vehicle insured by Allstate, failed to answer an underlying personal-injury suit, petitioners obtained a default judgment. Allstate refused to pay the judgment, and petitioners filed a declaratory judgment action. The trial court granted Allstate summary judgment based on S.C. Code section 38-77-142(B), concluding that the statute modified Shores v. Weaver; the Court of Appeals affirmed. The Supreme Court granted certiorari and reversed the Court of Appeals.

DISPOSITION

reversed

CASES CITED

- Shores v. Weaver, 315 S.C. 347, 433 S.E.2d 913 (Ct. App. 1993)
- Cowan v. Allstate Ins. Co., 351 S.C. 626, 571 S.E.2d 715 (Ct. App. 2002)

INSTRUCTIONS FOR AN AI ASSISTANT