SUPREME COURT OF THE STATE OF MONTANA

Mecca v. Farmers Insurance Exchange

329 Mont. 73 (Supreme Court of the State of Montana 2005) · No. No. 04-580 · Decided October 25, 2005

SUMMARY

The Montana Supreme Court affirmed summary judgment for Farmers Insurance Exchange in an underinsured motorist coverage dispute. The court held that the policy's coverage depended on whether the vehicle involved was underinsured, and the U-Haul truck was not underinsured because it had approximately $7 million in bodily injury liability coverage, exceeding the appellants' damages. The court therefore concluded that Farmers' underinsured motorist coverage did not apply.

CASE DETAILS

COURT	Supreme Court of the State of Montana
WRITING FOR THE COURT	Justice Jim Rice; Jim Rice; James C. Nelson; Patricia O. Cotter; W. William Leaphart; Brian Morris
JURISDICTION	Montana
DECIDED	October 25, 2005
DOCKET	No. 04-580
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from an order granting Farmers Insurance Exchange summary judgment and denying the appellants' summary-judgment motion in an action seeking underinsured motorist benefits.
STANDARD OF REVIEW	The Supreme Court reviewed the grant of summary judgment de novo under Rule 56, Montana Rules of Civil Procedure, determining whether there was a genuine issue of material fact and whether the moving party was entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	Published Montana Supreme Court opinion; precedential.
PARTIES	Robin Michell LaFleur Mecca, Rebecca Lorie Lynn Bailey v. Farmers Insurance Exchange

TOPICS

uninsured motorist · insurance coverage · contract interpretation · summary judgment · appellate procedure

PRACTICE AREAS

insurance law | civil procedure | contract law

QUESTIONS PRESENTED

1. Whether the Farmers underinsured motorist policy applied when the vehicle involved in the accident had approximately $7 million in available bodily-injury liability coverage, even though the driver had limited personal insurance coverage.

HOLDINGS

1. The policy's underinsured motorist coverage attached to the underinsured motor vehicle, not merely to an underinsured driver. Because the U-Haul truck was covered by approximately $7 million in bodily-injury liability insurance—an amount exceeding the appellants' damages—the truck was not an underinsured motor vehicle, and Farmers owed no underinsured motorist benefits.
2. Summary judgment was proper because the undisputed policy terms and insurance coverage established that the underinsured motorist policy did not apply as a matter of law.

KEY QUOTATIONS

> *"General rules of contract law apply to insurance policies and we construe them strictly against the insurer and in favor of the insured. Courts give the terms and words used in an insurance contract their usual meaning and construe them using common sense."* (¶ 9)

> *"Because that amount exceeds the Appellants' damages and Mecca's policy pays claims "only after the limits of liability under any applicable bodily injury liability bonds or policies have been exhausted," the U-Haul truck was not underinsured, and the underinsured policy was not applicable."* (¶ 15)

FACTUAL BACKGROUND

On December 4, 1999, a vehicle occupied by Mecca and Bailey was struck by a U-Haul truck driven by Karl Hase, who was extremely intoxicated. Hase had only $25,000 per-person liability coverage, while U-Haul had approximately $7 million in applicable bodily-injury liability coverage. The appellants obtained default judgments against Hase, settled with Hase and his insurer for $25,000 each, settled their negligent-entrustment claims against U-Haul for $125,000 total without notifying Farmers, and then sought benefits under Mecca's $30,000-per-person underinsured motorist policy.

PROCEDURAL HISTORY

After the appellants obtained default judgments against the intoxicated driver and settled with the driver and U-Haul, they sued Farmers for underinsured motorist benefits. Both parties moved for summary judgment. The District Court of the First Judicial District, Lewis and Clark County, granted Farmers' motion, denied the appellants' motion, and the Montana Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- Edie v. Gray, 2005 MT 224, 328 Mont. 354
- Travelers Cas. and Sur. Co. v. Ribi Immunochem Research, Inc., 2005 MT 50, 326 Mont. 174, 108 P.3d 469
- Sorensen v. Farmers Ins. Exch., 279 Mont. 291, 927 P.2d 1002 (1996)
- Farmers Alliance Mut. Ins. Co. v. Holeman, 1998 MT 155, 289 Mont. 312, 961 P.2d 114

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