SUPREME COURT OF HAWAI‘I

Enoka v. AIG Hawaii Insurance Company, Inc.

109 Haw. 537 (2006) · No. No. 25291 · Decided February 28, 2006

SUMMARY

The Supreme Court of Hawai‘i considered claims arising from the denial of no-fault insurance benefits after a motor-vehicle accident. The court held that the claim was timely under Hawai‘i’s statute of limitations but that a policy exclusion barred coverage, defeating the insured’s breach-of-contract and bad-faith claims. The court affirmed judgment for the insurer and affirmed denial of the insurer’s request for attorneys’ fees and costs, while remanding the issue of appellate fees and costs.

CASE DETAILS

COURT	Supreme Court of Hawai‘i
WRITING FOR THE COURT	Moon, C.J.; Levinson, J.; Nakayama, J.; Acoba, J.; Duffy, J.
JURISDICTION	Hawaii
DECIDED	February 28, 2006
DOCKET	No. 25291
DISPOSITION	other
PROCEDURAL POSTURE	Enoka appealed from summary judgment and final judgment in favor of AIG on claims for no-fault insurance benefits, breach of contract, breach of the implied covenant of good faith and fair dealing, and intentional infliction of emotional distress. AIG cross-appealed the denial of its request for attorneys’ fees and costs.
STANDARD OF REVIEW	Summary judgment and statutory interpretation were reviewed de novo. The denial of attorneys’ fees and costs was reviewed for abuse of discretion.
PRECEDENTIAL VALUE	Published, precedential opinion of the Supreme Court of Hawai‘i
PARTIES	Angie M. Enoka v. AIG Hawaii Insurance Company, Inc.

TOPICS

insurance bad faith · insurance coverage · contract interpretation · statutory interpretation · appellate procedure

PRACTICE AREAS

insurance law contract law tort law appellate procedure

QUESTIONS PRESENTED

1. Whether Enoka's claim for no-fault benefits was barred by HRS § 431:10C-315(a) because it was filed more than two years after the accident but within two years after GEICO paid UIM benefits.
2. Whether Exclusion A of the AIG policy barred no-fault and additional no-fault coverage.
3. Whether Enoka could maintain a first-party bad-faith claim despite the absence of coverage liability under the policy.
4. Whether AIG acted in bad faith by denying the claim based on the statute of limitations or by failing to state every possible reason for denial.
5. Whether AIG waived or was estopped from relying on Exclusion A because it did not identify that exclusion in its initial denial.
6. Whether Enoka's intentional-infliction-of-emotional-distress claim raised a genuine issue of material fact.
7. Whether AIG was entitled to attorneys' fees under HRS § 607-14 despite the specific fee provisions of HRS § 431:10C-211.
8. Whether the circuit court could determine Enoka's request for attorneys' fees and costs incurred on appeal.

HOLDINGS

1. Under HRS § 431:10C-315(a)(2), the two-year limitations period may be measured from the last payment of no-fault or optional additional benefits by a nonparty insurer; therefore, Enoka's claim against AIG was timely because GEICO paid UIM benefits in March 2000 and the complaint was filed on December 13, 2000.
2. Exclusion A of the AIG policy barred Enoka's claim for no-fault and additional no-fault benefits because she was a family member who was a named insured under another no-fault policy and was not occupying an AIG covered automobile.
3. An insured may maintain an independent first-party bad-faith claim based on an insurer's unreasonable handling or denial of a claim even when the policy provides no coverage for the underlying benefits.
4. AIG did not act in bad faith by denying the claim based on the statute of limitations or by failing to state all possible reasons for denial because both legal questions were unsettled under Hawaiʻi law.
5. AIG did not waive its right to rely on Exclusion A because the exclusion concerned the scope of coverage rather than a technical or forfeiture condition.
6. AIG was not estopped from asserting Exclusion A because it consistently maintained that Enoka was not entitled to no-fault benefits, made no contrary representation, and Enoka showed neither detrimental reliance nor manifest injustice.
7. Summary judgment for AIG on Enoka's IIED claim was proper because the undisputed conduct was not outrageous and the record did not show extreme emotional distress caused by AIG.

8. AIG was not entitled to attorneys' fees under HRS § 607-14 because the specific fee scheme in HRS § 431:10C-211 governs no-fault benefit claims and permits an insurer's fee award only when the insured's claim is fraudulent or frivolous.
9. The circuit court could determine, in its discretion, whether to award Enoka attorneys' fees and costs incurred in the appeal and cross-appeal under HRS § 431:10C-211(a).

KEY QUOTATIONS

> *"Significantly, section 431:10C-315(a)(2) does not condition the last payment of no-fault or optional additional benefits to be from a defendant insurer."* (109 Haw. at 548-49)

> *"Surely an insurer must act in good faith in dealing with its insured and in handling the insured's claim, even when the policy clearly and unambiguously excludes coverage."* (109 Haw. at 555-56)

> *"Waiver encompasses either an express or implied voluntary and intentional relinquishment of a known and existing right."* (109 Haw. at 562)

> *"Accordingly, because allowing AIG to seek attorney's fees under HRS § 607-14 in the instant case would contravene the attorney's fee award scheme set forth in HRS § 431:10C-211, we hold that the trial court did not abuse its discretion in denying AIG's motion for attorneys' fees and costs."* (109 Haw. at 569-70)

FACTUAL BACKGROUND

On April 19, 1997, Enoka was injured after falling or being thrown from a moving pickup truck. She lived with her parents, whose automobiles were insured by AIG, while Enoka and her brother had separate GEICO policies providing no-fault benefits. Enoka received benefits or settlements from several insurers, including GEICO UIM benefits in March 2000, and submitted her claim to AIG on June 12, 2000. AIG denied the claim as untimely, and the circuit court later held that an AIG policy exclusion barred coverage.

PROCEDURAL HISTORY

Enoka filed suit after AIG denied her claim for no-fault benefits. The Circuit Court of the First Circuit granted AIG summary judgment on all claims, denied AIG's request for attorneys' fees and costs, and entered final judgment for AIG. The Supreme Court affirmed the judgment and fee denial but remanded for the circuit court to exercise its discretion on Enoka's request for appellate attorneys' fees and costs.

DISPOSITION

other

REMAND INSTRUCTIONS

Affirmed the August 19, 2002 final judgment in favor of AIG and the July 30, 2002 denial of AIG's motion for attorneys' fees and costs. Remanded to the circuit court to determine, in its discretion under HRS § 431:10C-211(a), whether to award Enoka attorneys' fees and costs incurred in the appeal and cross-appeal.

CASES CITED

- Price v. AIG Hawai‘i Insurance Co., 107 Hawai‘i 106, 111 P.3d 1 (2005)
- Blair v. Ing, 95 Hawai‘i 247, 21 P.3d 452 (2001)
- Taylor-Rice v. State, 105 Hawai‘i 104, 94 P.3d 659 (2004)
- T-Mobile USA, Inc. v. County of Hawai‘i Planning Commission, 106 Hawai‘i 343, 104 P.3d 930 (2005)
- Higa v. Lino, 82 Hawai‘i 535, 923 P.2d 952 (App. 1996)
- Coll v. McCarthy, 72 Haw. 20, 804 P.2d 881 (1991)
- Lau v. Valu-Bilt Homes, Ltd., 59 Haw. 283, 582 P.2d 195 (1978)
- Dairy Road Partners v. Island Insurance Co., 92 Hawai‘i 398, 992 P.2d 93 (2000)
- Best Place, Inc. v. Penn America Insurance Co., 82 Hawai‘i 120, 920 P.2d 334 (1996)
- International Brotherhood of Electrical Workers Local 1357 v. American International Adjustment Co., 955 F. Supp. 1218 (D. Haw. 1997), aff’d mem., 142 F.3d 443 (9th Cir. 1998)
- Board of Directors of the Association of Apartment Owners v. United Pacific Insurance Co., 77 Hawai‘i 358, 884 P.2d 1134 (1994)
- Honbo v. Hawaiian Insurance & Guaranty Co., 86 Hawai‘i 373, 949 P.2d 213 (App. 1997)
- Francis v. Lee Enterprises, Inc., 89 Hawai‘i 234, 971 P.2d 707 (1999)
- Colonial Penn. Insurance Co. v. First Insurance Co. of Hawai‘i, Ltd., 71 Haw. 42, 780 P.2d 1112 (1989)
- Government Employees Insurance Co. v. Dizol, 176 F. Supp. 2d 1005 (D. Haw. 2001)
- Hac v. University of Hawai‘i, 102 Hawai‘i 92, 73 P.3d 46 (2003)
- Lee v. Aiu, 85 Hawai‘i 19, 936 P.2d 655 (1997)
- Richardson v. City & County of Honolulu, 76 Hawai‘i 46, 868 P.2d 1193 (1994)
- Finley v. Home Insurance Co., 90 Hawai‘i 25, 975 P.2d 1145 (1998)
- Iaea v. TIG Insurance Co., 104 Hawai‘i 375, 90 P.3d 267 (App. 2004)
- Kawaihae v. Hawaiian Insurance Cos., 1 Haw. App. 355, 619 P.2d 1086 (1980)
- Wong v. Hawaiian Insurance Cos., 64 Haw. 189, 637 P.2d 1144 (1981)