SUPREME COURT OF OKLAHOMA

BP America, Inc. v. State Auto Property & Casualty Insurance Co., 2005 OK 65

148 P.3d 832 (Okla. 2005) · No. No. 102,299 · Decided September 20, 2005

SUMMARY

The Supreme Court of Oklahoma answered certified questions concerning whether an automobile exclusion using the term "any insured" in a commercial general liability policy excludes coverage for all insureds and whether that exclusion becomes ambiguous when coupled with a separation-of-insureds clause. The court held that the exclusion unambiguously barred coverage for automobile occurrences attributable to any insured and that the separation-of-insureds clause did not create ambiguity. The court emphasized the policy's plain language, the separate automobile liability policy, and the absence of a premium for automobile coverage under the general liability policy.

CASE DETAILS

COURT	Supreme Court of Oklahoma
WRITING FOR THE COURT	Watt, C.J.; Winchester, V.C.J.; Hargrave, J.; Opala, J.; Kauger, J.; Taylor, J.; Colbert, J.; Lavender, J.
JURISDICTION	Oklahoma
DECIDED	September 20, 2005
DOCKET	No. 102,299
DISPOSITION	other
PROCEDURAL POSTURE	The United States District Court for the Northern District of Oklahoma certified two first-impression questions of Oklahoma insurance-contract law to the Oklahoma Supreme Court under the Revised Uniform Certification of Questions of Law Act.
STANDARD OF REVIEW	Insurance-policy interpretation is a question of law reviewed de novo; the court construes the policy as a whole and gives clear and unambiguous language its plain and ordinary meaning.
PRECEDENTIAL VALUE	published and precedential Oklahoma Supreme Court decision
PARTIES	BP America, Inc. v. State Auto Property & Casualty Insurance Company

TOPICS

insurance coverage · casualty insurance litigation · contract interpretation · construction law · commercial litigation

PRACTICE AREAS

insurance law · contract law · construction law · commercial litigation

QUESTIONS PRESENTED

1. Whether the term 'any insured' in the auto-exclusion clause of a commercial general liability policy excludes coverage for all automobile occurrences attributable to any insured, including innocent insureds.
2. Whether the inclusion of an auto-exclusion clause and a separation-of-insureds clause creates an ambiguity in the insurance contract.

HOLDINGS

1. Under Oklahoma law, the term 'any insured' in a commercial general liability policy's auto-exclusion clause is clear and unambiguous and excludes coverage for all automobile occurrences attributable to any of the insureds, including innocent insureds.
2. The inclusion of a separation-of-insureds clause does not render an otherwise clear and unambiguous auto exclusion ambiguous or negate the exclusion.

KEY QUOTATIONS

> *"We hold that, under Oklahoma Law, the term `any insured' in an `Auto Exclusion' clause of a commercial general liability policy excludes from coverage all automotive occurrences attributable to any of the insureds."* (¶ 16)

> *"Under the facts presented, where the exclusion is clear and unambiguous and there is no indication that automotive liability coverage was intended in the general liability policy, the inclusion of both an "Auto Exclusion" clause and a "separation of insureds" clause in a commercial general liability policy will not create an ambiguity in the contract."* (¶ 29)

> *"We are persuaded by those jurisdictions which refuse to let a general severability provision trump a clear and unambiguous exclusion."* (¶ 30)

FACTUAL BACKGROUND

BP entered into a construction contract with Doyal W. Rowland Construction, Inc., requiring both commercial general liability insurance and automobile liability insurance. State Auto issued separate policies, naming Rowland as the named insured and BP as an additional insured; the general liability policy contained an auto exclusion applying to an auto owned, operated, rented, or loaned to 'any insured,' and also contained a separation-of-insureds clause. A dump truck driven by a Rowland employee caused a multi-car accident that killed three people and seriously injured another; State Auto paid $1 million under the automobile liability policy, but BP sought additional coverage under the general liability policy.

PROCEDURAL HISTORY

BP sued State Auto in federal court seeking coverage under a commercial general liability policy for losses arising from a fatal automobile accident. The federal court certified questions concerning the meaning of an auto exclusion referring to 'any insured' and the effect of a separation-of-insureds clause. The Oklahoma Supreme Court answered the first question yes and the second question no.

DISPOSITION

other

CASES CITED

- In re Harris, 2002 OK 35, 49 P.3d 710
- American Economy Insurance Co. v. Bogdahn, 2004 OK 9, 89 P.3d 1051
- Bituminous Casualty Corp. v. Cowen Construction, Inc., 2002 OK 34, 55 P.3d 1030
- Dodson v. Saint Paul Insurance Co., 1991 OK 24, 812 P.2d 372
- Phillips v. Estate of Greenfield, 1993 OK 110, 859 P.2d 1101
- Wynn v. Avemco Insurance Co., 1998 OK 75, 963 P.2d 572
- Max True Plastering Co. v. United States Fidelity & Guaranty Co., 1996 OK 28, 912 P.2d 861
- Spears v. Glens Falls Insurance Co., 2005 OK 35, 114 P.3d 448
- Hartline v. Hartline, 2001 OK 15, 39 P.3d 765
- West American Insurance Co. v. AV & S, 145 F.3d 1224 (10th Cir. 1998)
- All American Insurance Co. v. Burns, 971 F.2d 438 (10th Cir. 1992)
- Farmers Insurance Co., Inc. v. McClain, 603 F.2d 821 (10th Cir. 1979)
- VBF, Inc. v. Chubb Group of Insurance Cos., 263 F.3d 1226 (10th Cir. 2001)
- Pierce v. Oklahoma Property & Casualty Insurance Co., 1995 OK 78, 901 P.2d 819
- United Services Automobile Association v. McCants, 1997 OK 73, 944 P.2d 298
- Short v. Oklahoma Farmers Union Insurance Co., 1980 OK 155, 619 P.2d 588
- Spears v. Shelter Mutual Insurance Co., 2003 OK 66, 73 P.3d 865