MICHIGAN SUPREME COURT

Estate of Darryl Ile v. Foremost Insurance Company

SC: 143627 · No. SC: 143627 · Decided December 20, 2012

SUMMARY

The Michigan Supreme Court reversed the Court of Appeals and remanded for summary disposition in favor of Foremost Insurance Company. The Court held that the policy's uninsured and underinsured motorist coverage was not illusory, while Justices Kelly, Cavanagh, and Hathaway dissented or disagreed with the disposition.

CASE DETAILS

COURT	Michigan Supreme Court
WRITING FOR THE COURT	Per curiam; Robert P. Young, Jr.; Michael F. Cavanagh; Marilyn Kelly; Stephen J. Markman; Diane M. Hathaway; Mary Beth Kelly
JURISDICTION	Michigan
DECIDED	December 20, 2012
DOCKET	SC: 143627
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The Michigan Supreme Court granted leave to appeal from the Court of Appeals' judgment and reviewed whether the policy's uninsured/underinsured motorist coverage was illusory and whether defendant was entitled to summary disposition.
STANDARD OF REVIEW	Not expressly stated; the Supreme Court reviewed the Court of Appeals' legal conclusion regarding contract interpretation and the propriety of summary disposition.
PRECEDENTIAL VALUE	Published Michigan Supreme Court order; precedential value is not otherwise characterized in the source text.
PARTIES	Foremost Insurance Company v. Debra Ile, as personal representative of Brian K. Zahra, the Estate of Darryl Ile, Debra Ile, individually and on behalf of themselves and all others similarly situated

TOPICS

insurance coverage · uninsured motorist · contract interpretation · appellate procedure · contracts

PRACTICE AREAS

Insurance law | Contract law | Appellate procedure

QUESTIONS PRESENTED

1. Whether the policy's combined uninsured and underinsured motorist coverage was illusory because the insured could not recover benefits specifically labeled underinsured motorist benefits under the selected policy limits.
2. Whether the insured's perceived or reasonable expectations could override the clear language of the insurance contract.
3. Whether Foremost was entitled to summary disposition after the Court concluded that the policy was not illusory.

HOLDINGS

1. The policy's combined uninsured and underinsured motorist coverage was not illusory. Read as a whole, the policy provided supplemental coverage that could ensure a total recovery of up to $20,000/$40,000 when the other vehicle was uninsured or insured for less than those limits.
2. The perceived expectations of a party may not override the clear language of a contract.
3. Foremost was entitled to summary disposition, and the case was remanded to the Wayne Circuit Court for entry of summary disposition in its favor.

KEY QUOTATIONS

> *"We have expressly rejected the notion that the perceived expectations of a party may override the clear language of a contract."* (order text)

> *"That such coverage would, under the terms of the policy, always be labeled "uninsured," as opposed to "underinsured," does not make the policy illusory."* (order text)

FACTUAL BACKGROUND

Darryl Ile purchased an insurance policy from Foremost that provided combined uninsured and underinsured motorist coverage with limits of $20,000/$40,000. The plaintiffs contended that the underinsured motorist coverage was illusory because, given the policy limits Ile selected, there were no circumstances in which he could recover benefits labeled as underinsured motorist benefits. The Supreme Court concluded that, read as a whole, the policy promised supplemental coverage sufficient to bring Ile's total recovery up to the policy limits when the other vehicle was uninsured or insured for less than those limits.

PROCEDURAL HISTORY

The Wayne Circuit Court proceedings arose from a dispute over uninsured and underinsured motorist coverage under an insurance policy issued to Darryl Ile. The Court of Appeals entered judgment on July 14, 2011, concluding that the underinsured motorist coverage was illusory. The Michigan Supreme Court reversed that judgment and remanded to the Wayne Circuit Court for entry of summary disposition in favor of Foremost.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand to the Wayne Circuit Court for entry of summary disposition in favor of Foremost Insurance Company.

CASES CITED

- Wilkie v Auto-Owners Ins Co, 469 Mich 41 (2003)
- Kroon-Harris v Michigan, 477 Mich 988, 989 (2007)