SUPREME COURT OF THE STATE OF ARIZONA

Katelin Newman v. Cornerstone National Insurance Company dba Freedom National Insurance Services

237 Ariz. 35 (2015) · No. CV-14-0121-PR · Decided March 18, 2015

SUMMARY

The Arizona Supreme Court held that A.R.S. § 20-259.01(B) does not require an insurer's written offer of underinsured motorist coverage to include a premium quote. The court affirmed the trial court's judgment for Cornerstone National Insurance Company and vacated the Court of Appeals' opinion.

CASE DETAILS

COURT	Supreme Court of the State of Arizona
WRITING FOR THE COURT	Justice Brutinel; Chief Justice Bales; Vice Chief Justice Pelander; Justice Berch; Justice Timmer
JURISDICTION	Arizona
DECIDED	March 18, 2015
DOCKET	CV-14-0121-PR
DISPOSITION	affirmed
PROCEDURAL POSTURE	Newman sought declaratory relief and partial summary judgment concerning the validity of her waiver of underinsured motorist coverage. The superior court denied Newman's motion and granted Cornerstone's cross-motion for summary judgment. The court of appeals affirmed, and the Arizona Supreme Court granted review.
STANDARD OF REVIEW	De novo review of statutory interpretation and summary judgment issues.
PRECEDENTIAL VALUE	Published Arizona Supreme Court opinion; precedential.
PARTIES	Katelin Newman v. Cornerstone National Insurance Company dba Freedom National Insurance Services

TOPICS

uninsured motorist · insurance coverage · statutory interpretation · plain meaning rule

PRACTICE AREAS

Insurance law · Automobile insurance · Underinsured motorist coverage · Statutory interpretation

QUESTIONS PRESENTED

1. Whether A.R.S. § 20-259.01(B) requires a motor vehicle insurer's written offer of underinsured motorist coverage to include the cost or premium of that coverage.
2. Whether Cornerstone's written offer satisfied A.R.S. § 20-259.01(B) despite not stating a premium price.

HOLDINGS

1. A.R.S. § 20-259.01(B) does not require a motor vehicle insurer's written offer of underinsured motorist coverage to specify the cost or premium of the coverage.
2. Cornerstone's UM/UIM selection form satisfied A.R.S. § 20-259.01 because it brought the availability of coverage to Newman's attention and would have bound Cornerstone to provide coverage if Newman had accepted it.

KEY QUOTATIONS

> *“We hold that § 20-259.01(B) does not require the notice to specify the cost of the UIM coverage.”* (¶ 1)

> *“Thus, § 20-259.01(B) requires an insurer to “make available” UIM insurance and to communicate that availability in a written notice.”* (¶ 8)

> *“Whether an offer of UM/UIM coverage has been made does not depend on the insured’s understanding of the terms being offered, but instead on whether a reasonable person would understand that his or her acceptance would bind the insurer to provide the offered coverage.”* (¶ 9)

> *“For the foregoing reasons, we affirm the trial court’s judgment and vacate the court of appeals’ opinion.”* (¶ 12)

FACTUAL BACKGROUND

Katelin Newman was injured in a motor vehicle accident caused by another driver's negligence, and the at-fault driver's insurance was insufficient to cover her damages. Newman sought underinsured motorist coverage from Cornerstone, but Cornerstone denied the claim because Newman had waived UIM coverage. When Newman purchased her automobile insurance, Cornerstone had offered UM/UIM coverage on a form approved by the Arizona Department of Insurance, but the form did not include a premium quote and Newman declined the coverage.

PROCEDURAL HISTORY

After Newman was injured by an underinsured driver and Cornerstone denied her UIM claim based on her waiver of coverage, she sued for a declaration that the waiver was void and that coverage existed. The Maricopa County Superior Court granted summary judgment to Cornerstone. The Arizona Court of Appeals affirmed, holding that a written offer of UIM coverage need not include a premium price. The Arizona Supreme Court affirmed the trial court and vacated the court of appeals' opinion.

DISPOSITION

affirmed

CASES CITED

- State v. Hansen, 215 Ariz. 287, 289 ¶ 6, 160 P.3d 166, 168 (2007)
- Ballesteros v. American Standard Insurance Co. of Wisconsin, 226 Ariz. 345, 348-49 ¶¶ 11, 13-17, 248 P.3d 193, 196-97 (2011)
- Tallent v. National General Insurance Co., 185 Ariz. 266, 267-68, 915 P.2d 665, 666-67 (1996)
- Newman v. Cornerstone National Insurance Co., 234 Ariz. 377, 378 ¶ 1, 380 ¶ 10, 322 P.3d 194, 195, 197 (App. 2014)

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