SUPREME COURT OF OKLAHOMA

Chandler v. Valentine

2014 OK 61 · No. 108614 · Decided June 24, 2014

SUMMARY

The Oklahoma Supreme Court held that an insurer may not cancel a claims-made medical malpractice policy after learning of conduct that could give rise to a claim, because such cancellation violates Okla. Stat. tit. 36, § 3625. The court vacated the Court of Civil Appeals' opinion and affirmed summary judgment for the personal representative of the deceased patient's estate. The policy therefore remained in effect when the wrongful-death action was filed.

CASE DETAILS

COURT	Supreme Court of Oklahoma
WRITING FOR THE COURT	Colbert, C.J.; Reif, V.C.J.; Kauger, J.; Watt, J.; Edmondson, J.; Gurich, J.; Winchester, J.; Taylor, J.; Combs, J.
JURISDICTION	Oklahoma
DECIDED	June 24, 2014
DOCKET	108614
DISPOSITION	vacated
PROCEDURAL POSTURE	The medical-malpractice insurer appealed from a summary judgment entered for the decedent's personal representative in a garnishment proceeding. The Oklahoma Court of Civil Appeals reversed and remanded with instructions to enter judgment for the insurer. The Oklahoma Supreme Court granted certiorari, vacated the Court of Civil Appeals' opinion, and affirmed the trial court's judgment.
STANDARD OF REVIEW	Summary judgment is proper when the pleadings, discovery and disclosure materials, and affidavits show no genuine issue of material fact and the movant is entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	binding
PARTIES	Physicians Liability Insurance Company v. Tracey Chandler, Personal Representative of the Estate of David Wurtz, deceased

TOPICS

insurance coverage | statutory interpretation | medical malpractice | standard of review | appellate procedure

PRACTICE AREAS

insurance coverage | medical malpractice | statutory interpretation | appellate procedure

QUESTIONS PRESENTED

1. Whether Okla. Stat. tit. 36, § 3625 applies to a claims-made liability-insurance policy.
2. Whether an insurer may agree to cancel a claims-made policy after learning of acts during the policy period that may give rise to a claim, when cancellation would cut off the potential claim.
3. Whether summary judgment for the personal representative was proper in the garnishment proceeding.

HOLDINGS

1. Section 3625 applies to claims-made insurance policies, not only occurrence policies.
2. For a claims-made policy, section 3625 applies when the insurer agrees to cancel the policy in a manner that cuts off a potential claim and the insurer is actually aware of the acts that may result in that claim.
3. PLICO's cancellation was void, the policy remained in effect when the wrongful-death action was filed, and summary judgment for the personal representative was proper.

KEY QUOTATIONS

> *"This Court holds that it may not and affirms the holding of the trial court."* (¶ 1)

> *"The provision's focus is the protection of injured third parties, not on policy provisions."* (¶ 13)

> *"The agreement to cancel, however, was squarely within the statutory prohibition on annulment contained in section 3625 and thus it was void."* (¶ 16)

FACTUAL BACKGROUND

Physicians Liability Insurance Company insured Dr. Mark Valentine under a claims-made professional-liability policy. After Valentine operated on David Wurtz and Wurtz died, Valentine's medical license was revoked; Valentine requested cancellation of the policy and a premium refund. PLICO accepted the cancellation effective March 10, 2005, while knowing of the license revocation and the circumstances that could generate a wrongful-death claim. Wurtz's personal representative later filed suit, obtained a consent judgment against Valentine, and pursued garnishment against PLICO.

PROCEDURAL HISTORY

After David Wurtz's estate obtained a consent judgment against Dr. Mark Valentine, the estate initiated garnishment proceedings against Physicians Liability Insurance Company. Both sides moved for summary judgment, and the McCurtain County District Court ruled for the estate, holding that cancellation of the policy violated Okla. Stat. tit. 36, § 3625 and was void. The Court of Civil Appeals reversed; the Supreme Court granted certiorari and reinstated the trial court's judgment.

DISPOSITION

vacated

CASES CITED

- State ex rel. Crawford v. Indemnity Underwriters Ins. Co., 1997 OK CIV APP 39, ¶¶ 4-5, 943 P.2d 1099
- LaForge v. Am. Cas. Co., 37 F.3d 580, 583 (10th Cir. 1994)
- Slater v. Lawyer's Mut. Ins. Co., 227 Cal. App. 3d 1415, 1422-1423, 278 Cal. Rptr. 479 (1991)
- TRW/Reda Pump v. Brewington, 1992 OK 31, ¶ 5, 829 P.2d 15
- Am. Cont'l Ins. Co. v. Steen, 91 P.3d 864 (Wash. 2004)