SUPREME COURT OF NEVADA

Continental Ins. Co. v. Murphy

120 Nev. 506 (2004) · Decided September 2, 2004

SUMMARY

The Nevada Supreme Court holds that a non-occupancy exclusion in an automobile insurance policy is void as against public policy to the extent it precludes the minimum uninsured or underinsured motorist benefits required by Nevada law. The exclusion remains enforceable above those statutory minimum limits, and the court affirms the district court's declaratory judgment.

CASE DETAILS

COURT	Supreme Court of Nevada
WRITING FOR THE COURT	Maupin, J.; Rose, J.; Douglas, J.
JURISDICTION	Nevada
DECIDED	September 2, 2004
DISPOSITION	affirmed
PROCEDURAL POSTURE	Continental sought declaratory and injunctive relief concerning the enforceability of a non-occupancy exclusion in its automobile policy. The district court entered summary judgment granting partial relief to both sides, and the parties pursued an appeal and cross-appeal. The district court certified its declaratory judgment as final under NRCP 54(b).
STANDARD OF REVIEW	De novo review of an order granting summary judgment; summary judgment is proper only when no genuine issue of material fact exists and the movant is entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	Published Nevada Supreme Court opinion; precedential
PARTIES	Continental Insurance Company v. Patrick Murphy, Penny Murphy

TOPICS

uninsured motorist · insurance coverage · declaratory relief insurance · statutory interpretation

PRACTICE AREAS

insurance · uninsured and underinsured motorist coverage · declaratory judgment · summary judgment

QUESTIONS PRESENTED

1. Whether Nevada's UM/UIM statutory scheme permits an automobile insurer to enforce a non-occupancy exclusion against an insured injured while occupying a vehicle other than the covered automobile.
2. Whether the exclusion is void in its entirety or only to the extent that it precludes the minimum UM/UIM coverage required by Nevada law.
3. Whether the policy's classification as an owner's or operator's policy under NRS 485.3091 affects the UM/UIM coverage dispute.

HOLDINGS

1. The owner's-policy/operator's-policy distinction need not be decided because NRS 485.3091 applies exclusively to liability insurance, not UM/UIM coverage.
2. A non-occupancy exclusion in an automobile policy is void as against public policy to the extent it precludes recovery of the minimum UM/UIM benefits required by Nevada law.
3. The non-occupancy exclusion is enforceable to the extent it restricts coverage above Nevada's mandatory minimum UM/UIM limits.

KEY QUOTATIONS

> *"We therefore hold that, under Zobrist and NRS 690B.020, a non-occupancy exclusionary clause offends public policy to the extent the exclusion purports to preclude recovery of minimum required UM/UIM benefits."* (511)

> *"Thus, the non-occupancy exclusion is void under NRS 690B.020, but only to the extent that the exclusion negates the minimum required coverage limits."* (512)

FACTUAL BACKGROUND

Continental issued the Murphys a classic automobile policy covering their 1969 Plymouth Roadrunner, with liability and UM/UIM coverages having single limits of $300,000 per accident. Penny Murphy was seriously injured while riding a motorcycle owned by a third party, and the Murphys sought UIM benefits. The policy excluded UM/UIM benefits for bodily injuries sustained while occupying a vehicle other than the covered auto. The policy was issued for a classic vehicle at a lower premium based on restricted annual use.

PROCEDURAL HISTORY

Continental issued a classic automobile policy to the Murphys and contested Penny Murphy's claim for UIM benefits after she was injured while occupying a third-party motorcycle. The district court held that the policy unambiguously limited coverage to the designated vehicle but that the exclusion was void insofar as it precluded Nevada's statutorily required minimum UM/UIM coverage; it enforced the exclusion for coverage above those minimum limits. The Nevada Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- State Farm Mut. Auto. Ins. v. Hinkel, 87 Nev. 478, 488 P.2d 1151 (1971)
- Zobrist v. Farmers Ins. Exchange, 103 Nev. 104, 734 P.2d 699 (1987)
- Nelson v. CSAA, 114 Nev. 345, 347, 956 P.2d 803, 805 (1998)
- St. Paul Mercury Insurance Co. v. Corbett, 630 A.2d 28, 29 (Pa. Super. Ct. 1993)
- Estate of Neal v. Farmers Ins. Exch., 93 Nev. 348, 566 P.2d 81 (1977)