SUPREME COURT OF KENTUCKY

Darryl Isaacs and Theresa Isaacs v. Sentinel Insurance Company Limited d/b/a The Hartford

2018-SC-0078-DG · No. 2018-SC-0078-DG · Decided October 20, 2020

SUMMARY

The Kentucky Supreme Court affirmed summary judgment for Sentinel Insurance Company in an underinsured motorist coverage dispute. The court held that Darryl Isaacs was not an insured under the commercial policy issued to his professional service corporation because he was neither the named insured nor occupying a covered automobile when injured. The court rejected arguments based on corporate identity, illusory coverage, reasonable expectations, and Kentucky public policy.

CASE DETAILS

COURT	Supreme Court of Kentucky
WRITING FOR THE COURT	Justice Wright; Chief Justice Minton; Justice Hughes; Justice Keller; Justice Nickell; Justice VanMeter
JURISDICTION	Kentucky
DECIDED	October 20, 2020
DOCKET	2018-SC-0078-DG
DISPOSITION	affirmed
PROCEDURAL POSTURE	The Isaacses sought discretionary review of the Court of Appeals' unanimous affirmance of a circuit court summary judgment denying their claim for underinsured motorist benefits under a commercial insurance policy.
STANDARD OF REVIEW	Summary judgment and interpretation and construction of an insurance contract are reviewed de novo. Summary judgment is proper when there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	Supreme Court of Kentucky opinion; the text does not identify the decision as unpublished or nonprecedential.
PARTIES	Darryl Isaacs, Theresa Isaacs v. Sentinel Insurance Company Limited d/b/a The Hartford

TOPICS

uninsured motorist · insurance coverage · summary judgment · contract interpretation · appellate procedure

PRACTICE AREAS

insurance · contracts · civil procedure · corporate law · appellate procedure

QUESTIONS PRESENTED

1. Whether Darryl Isaacs and Isaacs & Isaacs, P.S.C. were legally interchangeable for purposes of determining insured status under Sentinel's commercial UIM policy.
2. Whether Isaacs qualified as an insured under the policy despite not being the named insured and not occupying a covered automobile at the time of the accident.
3. Whether the policy's limitation of UIM coverage, or its application to Isaacs, was invalid under the doctrines of illusory coverage or reasonable expectations or under Kentucky public policy.

HOLDINGS

1. A professional service corporation is a separate legal entity from its sole shareholder, and the shareholder cannot treat the corporation as separate for liability protection but disregard that separation to obtain insurance coverage.
2. Isaacs was not an insured under the commercial policy because the policy named a corporation as the insured and, under its unambiguous terms, covered individuals only while occupying a covered automobile; Isaacs was neither the named insured nor occupying a covered automobile.
3. The policy's UIM coverage was not illusory, did not violate the reasonable-expectations doctrine, and was not contrary to Kentucky public policy because it provided coverage in specified circumstances and its exclusion of Isaacs under the facts was clear and reasonable.

KEY QUOTATIONS

> *"The same conclusion is mandated here."* (5)

> *"The policy's terms unambiguously distinguished between policies written to individuals and those written to corporations."* (6)

> *"Because Isaacs was not covered under the terms of the Sentinel commercial UIM policy, Isaacs could not prevail under any circumstances."* (7)

FACTUAL BACKGROUND

Michael Baumann struck Darryl Isaacs while Isaacs was riding a bicycle. After Baumann's liability-insurance limits were exhausted, the Isaacses sought UIM benefits under their personal automobile policies and under a commercial policy issued to Isaacs & Isaacs, P.S.C. Sentinel paid no UIM benefits under the commercial policy because the policy named the professional service corporation, rather than Isaacs individually, as the insured and Isaacs was not occupying a covered automobile when the accident occurred.

PROCEDURAL HISTORY

After Sentinel denied the Isaacses' claim for UIM benefits, the Isaacses filed an action for declaratory judgment in Jefferson Circuit Court. The circuit court granted summary judgment to Sentinel, concluding that Darryl Isaacs was not an insured under the commercial policy. The Kentucky Court of Appeals affirmed, and the Kentucky Supreme Court granted discretionary review and affirmed.

DISPOSITION

affirmed

CASES CITED

- Steelvest, Inc. v. Scansteel Serv. Ctr., Inc., 807 S.W.2d 476, 480, 483 (Ky. 1991)
- Paintsville Hosp. Co. v. Rose, 683 S.W.2d 255, 256 (Ky. 1985)
- 3D Enters. Contracting Corp. v. Louisville & Jefferson Cnty. Metro. Sewer Dist., 174 S.W.3d 440, 445 (Ky. 2005)
- Pearson ex rel. Trent v. Nat'l Feeding Sys., Inc., 90 S.W.3d 46, 49 (Ky. 2002)
- Kemper Nat'l Ins. Cos. v. Heaven Hill Distilleries, Inc., 82 S.W.3d 869, 871 (Ky. 2002)
- Miller v. Paducah Airport Corp., 551 S.W.2d 241, 242-243 (Ky. 1977)
- Turner v. Andrew, 413 S.W.3d 272, 276 (Ky. 2013)
- Philadelphia Indem. Ins. Co. v. Tryon, 502 S.W.3d 585, 592 (Ky. 2016)
- True v. Raines, 99 S.W.3d 439, 443 (Ky. 2003)