SUPREME COURT OF IOWA

Nationwide Mutual Insurance Co. v. Kelly

687 N.W.2d 272 (Iowa 2004) · No. No. 03-1820 · Decided September 1, 2004

SUMMARY

The Iowa Supreme Court affirmed summary judgment for Daniel Kelly in a dispute over the interpretation of an "other insurance" clause in Nationwide's underinsured motorist policy. The court held that the highest applicable limit was the $100,000 stated limit in the primary insurer's Oregon policy, rather than the $50,000 amount payable after applying Oregon law. Kelly was therefore entitled to recover the $50,000 limit under his Nationwide UIM coverage.

CASE DETAILS

COURT	Supreme Court of Iowa
WRITING FOR THE COURT	Wiggins, Justice; Larson, Justice
JURISDICTION	Iowa
DECIDED	September 1, 2004
DOCKET	No. 03-1820
DISPOSITION	affirmed
PROCEDURAL POSTURE	Nationwide appealed from a district court order granting Kelly summary judgment and denying Nationwide's motion for summary judgment in a declaratory judgment action concerning coverage under an underinsured motorist policy.
STANDARD OF REVIEW	Summary judgment rulings are reviewed for correction of errors at law. Policy interpretation is a matter of law for the court when neither party offers extrinsic evidence concerning the meaning of the policy language.
PRECEDENTIAL VALUE	Published Iowa Supreme Court opinion; precedential
PARTIES	Nationwide Mutual Insurance Company v. Daniel Kelly

TOPICS

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

PRACTICE AREAS

insurance law · contract law · declaratory judgment

QUESTIONS PRESENTED

1. Whether the highest applicable limit under Nationwide's other-insurance clause was the $100,000 stated limit of Allstate's UIM policy or the $50,000 amount payable after Oregon's statutory reduction.
2. Whether Nationwide was obligated to provide Kelly with up to its $50,000 UIM policy limit.

HOLDINGS

1. The highest applicable limit was Allstate's $100,000 stated UIM policy limit, not the $50,000 amount payable after applying Oregon's statutory reduction.
2. Nationwide was obligated to provide Kelly UIM coverage up to the $50,000 limit of his Nationwide policy.

KEY QUOTATIONS

> *"A plain reading of the Oregon statute makes it clear that the statute does not reduce the limits of the Oregon UIM policy for any amounts recovered from other automobile liability insurance policies. Rather, the amounts recovered from other automobile liability insurance policies only reduce the benefits payable under the policy."* (at 274)

> *"The highest applicable limit is the Allstate UIM limit of $100,000. Therefore, Kelly is entitled to recover the $50,000 under his Nationwide UIM coverage."* (at 275)

FACTUAL BACKGROUND

Daniel Kelly, an Iowa resident, was injured in an Oregon automobile collision while riding in a vehicle owned by his Oregon-resident mother and operated by his brother. The vehicle's Allstate policy provided UIM coverage with a $100,000 stated limit, while Kelly's Nationwide Iowa policy provided UIM coverage with a $50,000 stated limit and an excess-coverage other-insurance clause. Kelly settled for $50,000 with the at-fault driver's liability insurer and, with Nationwide's consent, settled his claim against Allstate for $50,000 because Oregon law reduced benefits by amounts recovered from the tortfeasor's liability insurer. The parties stipulated that Kelly's damages exceeded $150,000.

PROCEDURAL HISTORY

After settling with the tortfeasor's liability insurer and with Allstate, the primary underinsured motorist carrier, Kelly sought benefits under his Nationwide policy. Nationwide filed a declaratory judgment action alleging that it had no obligation to pay UIM benefits. Both parties moved for summary judgment. The district court denied Nationwide's motion and granted Kelly's motion, ruling that the highest applicable UIM limit was Allstate's $100,000 stated limit, and Nationwide appealed.

DISPOSITION

affirmed

CASES CITED

- Am. Econ. Ins. Co. v. Canamore, 114 Or. App. 348, 834 P.2d 542 (1992)
- Mewes v. State Farm Auto. Ins. Co., 530 N.W.2d 718 (Iowa 1995)
- West Bend Mut. Ins. Co. v. Iowa Iron Works, Inc., 503 N.W.2d 596 (Iowa 1993)
- Cairns v. Grinnell Mut. Reins. Co., 398 N.W.2d 821 (Iowa 1987)