SUPREME COURT OF SOUTH CAROLINA

Stewart Belton v. Cincinnati Insurance Company, 360 S.C. 575

602 S.E.2d 389 (2004) · No. No. 25862 · Decided August 30, 2004

SUMMARY

The Supreme Court of South Carolina held that Stewart Belton lacked an insurable interest in a commercial property destroyed by fire because he failed to show that he had equity in the property. The court reversed the court of appeals and upheld summary judgment for Cincinnati Insurance Company. Because the absence of an insurable interest resolved the case, the court did not address Belton’s arguments concerning polygraph evidence or discovery requests.

CASE DETAILS

COURT	Supreme Court of South Carolina
WRITING FOR THE COURT	Chief Justice Toal; Justice Waller; Justice Burnett; Justice Pleicones; Acting Justice John W. Kittredge
JURISDICTION	South Carolina
DECIDED	August 30, 2004
DOCKET	No. 25862
DISPOSITION	reversed
PROCEDURAL POSTURE	Cincinnati cross-appealed from the court of appeals' reversal of the trial court's summary judgment in Cincinnati's favor. Belton also raised issues concerning attorney-client privilege and a motion to compel.
STANDARD OF REVIEW	Summary judgment is proper when the pleadings, depositions, answers to interrogatories, admissions, and affidavits show no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. Evidence and reasonable inferences are viewed in the light most favorable to the nonmoving party.
PRECEDENTIAL VALUE	Published opinion; binding precedent of the Supreme Court of South Carolina.
PARTIES	Cincinnati Insurance Company v. Stewart Belton

TOPICS

insurance coverage casualty insurance litigation summary judgment breach of contract insurance bad faith

PRACTICE AREAS

insurance contracts civil procedure real estate

QUESTIONS PRESENTED

1. Whether Belton had an insurable interest in the destroyed property sufficient to support coverage under Cincinnati's policy and avoid summary judgment.

HOLDINGS

1. A party holding an option to purchase land cannot have an insurable interest in the property when the party has no equity in the underlying property. Because Belton failed to show that he had any equity when he contracted for insurance or when the property was destroyed, summary judgment for Cincinnati was proper.

KEY QUOTATIONS

> *"Nevertheless, regardless of whether Belton's option was enforceable, we hold that Belton did not have an insurable interest in the underlying property because he did not have any equity in the underlying property when he contracted for insurance with Cincinnati."* (360 S.C. at 579)

> *"We hold that because Belton has failed to show that he had any equity in the destroyed property, he did not have an insurable interest in the property."* (360 S.C. at 580-81)

FACTUAL BACKGROUND

Belton entered a lease-option-to-buy agreement for a commercial building and land, under which 80 percent of monthly payments would be applied toward purchase, but he soon fell behind on payments. The property owner terminated the agreement and sought Belton's eviction, while Belton remained in possession under bankruptcy protection. Belton later applied for insurance with Cincinnati, and the building was destroyed by fire approximately a week later. Cincinnati denied coverage on the ground that Belton lacked an insurable interest, and Belton failed to produce evidence showing that he had equity in the property at the time of contracting or loss.

PROCEDURAL HISTORY

The trial court granted Cincinnati summary judgment, ruling that Belton lacked an insurable interest in the destroyed property. The South Carolina Court of Appeals reversed and remanded for factual determinations concerning the survival of Belton's purchase option and the amount of any insurable interest. The Supreme Court of South Carolina reversed the court of appeals and upheld summary judgment for Cincinnati, declining to reach the discovery issues.

DISPOSITION

reversed

CASES CITED

- Belton v. Cincinnati Insurance Co., 353 S.C. 363, 577 S.E.2d 487 (Ct. App. 2003)
- Conner v. City of Forest Acres, 348 S.C. 454, 560 S.E.2d 606 (2002)
- Osborne v. Adams, 346 S.C. 4, 550 S.E.2d 319 (2001)
- Benton & Rhodes, Inc. v. Boden, 310 S.C. 400, 426 S.E.2d 823 (Ct. App. 1993)
- Singletary v. Aetna Casualty & Surety Co., 316 S.C. 199, 447 S.E.2d 869 (Ct. App. 1994)
- Bravis v. Dunbar, 316 S.C. 263, 449 S.E.2d 495 (Ct. App. 1994)