COURT OF APPEALS OF MARYLAND

United Services Automobile Association v. Riley, 393 Md. 55

899 A.2d 819 (2006) · No. No. 40, September Term, 2005 · Decided June 1, 2006

SUMMARY

The Maryland Court of Appeals reviewed whether evidence created a genuine dispute regarding when children sustained bodily injuries from lead-paint exposure and whether multiple insurance policies provided separate per-occurrence limits. The court held that summary judgment was improper on the timing of the injuries and rejected the insurer's argument that the policies collectively imposed a single per-occurrence limit when the injuries spanned multiple policy periods. The court affirmed the judgment of the Court of Special Appeals.

CASE DETAILS

COURT	Court of Appeals of Maryland
WRITING FOR THE COURT	Greene, J.; Bell, C.J.; Raker, J.; Wilner, J.; Cathell, J.; Harrell, J.; Battaglia, J.
JURISDICTION	Maryland
DECIDED	June 1, 2006
DOCKET	No. 40, September Term, 2005
DISPOSITION	affirmed
PROCEDURAL POSTURE	USAA brought a declaratory-judgment action concerning the limits of coverage under four consecutive homeowners' policies. The Circuit Court for Baltimore City partially granted USAA's motion for summary judgment and declared that the injuries constituted one occurrence, that no injury was established during the first two policy periods, and that USAA's maximum coverage obligation was $600,000. The Court of Special Appeals reversed and remanded. The Court of Appeals granted certiorari and affirmed the intermediate appellate court.
STANDARD OF REVIEW	Summary judgment is reviewed de novo. The appellate court independently examines the record to determine whether the parties generated a genuine dispute of material fact and, if not, whether the moving party is entitled to judgment as a matter of law. The record and reasonable inferences are viewed in the light most favorable to the

	nonmoving party. Contract interpretation and the determination of ambiguity are also reviewed de novo.
PRECEDENTIAL VALUE	Published precedential opinion of the Court of Appeals of Maryland
PARTIES	United Services Automobile Association v. Rita Towana Riley, Jeremy Carpenter, Christian Carpenter, Wendy Carpenter

TOPICS

insurance coverage · declaratory relief insurance · summary judgment · duty to indemnify · civil procedure

PRACTICE AREAS

insurance coverage · insurance litigation · civil procedure · declaratory judgment

QUESTIONS PRESENTED

1. Whether summary judgment was proper on the ground that the respondents could not prove that the Carpenter children suffered bodily injuries during the first two USAA policy periods.
2. Whether the limit-of-liability provision in each of four liability policies limited USAA's coverage to a single per-occurrence limit when bodily injury spanned more than one policy period.

HOLDINGS

1. Summary judgment was improper because the evidence, including the expert's testimony and evidence of ongoing lead exposure, created a genuine dispute of material fact as to whether the children suffered bodily injury during the first two policy periods.
2. The policies were ambiguous as to whether the limit of liability applied once across all implicated policies or separately under each policy covering a period during which bodily injury occurred.

KEY QUOTATIONS

> *“The tort complaint filed by the injured children in Chantel, in addition to Dr. Schroeder's undisputed affidavit, established that the "direct and indirect damage to the cells, tissues and organs" caused by exposure to lead constituted a "bodily injury" as that term was defined in Mitchell.”* (at 831)

> *“It appears from the language of the contact that occurrences that happen during a policy period are covered.”* (at 834)

> *“These contradictory interpretations of the same language clearly demonstrate the ambiguity in the policy.”* (at 834-835)

FACTUAL BACKGROUND

The Carpenter children lived in a Baltimore property owned by Kenneth Hooper from 1990 until the fall of 1993. The property allegedly contained chipping and flaking lead-based paint, and evidence indicated that the children ingested paint chips and dust. Their elevated blood lead levels were first measured in 1993, during the later USAA policy periods, but an expert opined that exposure and cellular injury could have begun when the children first moved into the property and continued throughout the four policy periods. USAA insured Hooper under four consecutive policies, each providing $300,000 in liability coverage.

PROCEDURAL HISTORY

USAA filed a complaint for declaratory relief in the Circuit Court for Baltimore City after a dispute arose during discovery in an underlying lead-paint tort action. The circuit court granted summary judgment in part, ruling that the first two policy periods were not implicated and limiting potential coverage to $600,000, while finding the multi-policy limit issue ambiguous. The Court of Special Appeals reversed because a genuine dispute existed concerning whether bodily injury occurred during the first two policy periods. The Court of Appeals affirmed that judgment.

DISPOSITION

affirmed

REMAND INSTRUCTIONS

The matter remains for further proceedings consistent with the Court of Special Appeals' reversal of the circuit court's summary judgment ruling, including resolution of factual issues concerning when bodily injury occurred and application of the policy limits.

CASES CITED

- Riley v. United Services Automobile Ass'n, 161 Md. App. 573, 871 A.2d 599 (2005)
- Chantel Assocs. v. Mt. Vernon Fire Ins. Co., 338 Md. 131, 656 A.2d 779 (1995)
- Mitchell v. Maryland Casualty, 324 Md. 44, 595 A.2d 469 (1991)
- King v. Bankerd, 303 Md. 98, 492 A.2d 608 (1985)
- Lynx, Inc. v. Ordnance Products, Inc., 273 Md. 1, 327 A.2d 502 (1974)
- Porter v. General Boiler Casing Co., 284 Md. 402, 396 A.2d 1090 (1979)
- Honaker v. W.C. & A.N. Miller Development Co., 285 Md. 216, 401 A.2d 1013 (1979)
- Dietz v. Moore, 277 Md. 1, 351 A.2d 428 (1976)
- PaineWebber Inc. v. East, 363 Md. 408, 768 A.2d 1029 (2001)
- Lippert v. Jung, 366 Md. 221, 783 A.2d 206 (2001)
- Hartford Ins. Co. v. Manor Inn of Bethesda, Inc., 335 Md. 135, 642 A.2d 219 (1994)
- Myers v. Kayhoe, 391 Md. 188, 892 A.2d 520 (2006)
- Livesay v. Baltimore, 384 Md. 1, 862 A.2d 33 (2004)
- Towson University v. Conte, 384 Md. 68, 862 A.2d 941 (2004)
- Sy-Lene v. Starwood, 376 Md. 157, 829 A.2d 540 (2003)
- Calomiris v. Woods, 353 Md. 425, 727 A.2d 358 (1999)
- Pacific Indem. v. Interstate Fire & Cas., 302 Md. 383, 488 A.2d 486 (1985)

- Hiraldo v. Allstate Insurance Company, 8 A.D.3d 230, 778 N.Y.S.2d 50 (2004), aff'd, Hiraldo ex rel. Hiraldo v. Allstate Ins. Co., 5 N.Y.3d 508, 806 N.Y.S.2d 451, 840 N.E.2d 563 (2005)
