SUPREME COURT OF MISSISSIPPI

Horace Mann Life Insurance Company and Leo Hawkins, Jr. v. Betty Nunaley

No. 2006-CA-00250-SCT · No. No. 2006-CA-00250-SCT · Decided June 29, 2005

SUMMARY

The Mississippi Supreme Court reviewed a jury verdict awarding Betty Nunaley compensatory and punitive damages against Horace Mann Life Insurance Company and Leo Hawkins, Jr. arising from the sale of a life insurance policy. The court held that the policy language was clear and unambiguous and that Nunaley failed to prove damages caused by any negligent misrepresentation. The court reversed the trial court's judgment and rendered judgment in favor of the defendants.

CASE DETAILS

COURT	Supreme Court of Mississippi
WRITING FOR THE COURT	Carlson, Justice; Smith, C.J.; Waller, P.J.; Easley, J.; Carlson, J.; Dickinson, J.; Lamar, J.; Randolph, J.; Diaz, P.J.; Graves, J.
JURISDICTION	Mississippi
DECIDED	June 29, 2005
DOCKET	No. 2006-CA-00250-SCT
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Defendants appealed from a Humphreys County Circuit Court final judgment entered after a jury trial awarding Betty Nunaley $35,000 in compensatory damages and $1,935,000 in punitive damages on fraud and negligent-misrepresentation claims.
STANDARD OF REVIEW	Questions of law are reviewed de novo.
PRECEDENTIAL VALUE	Published Mississippi Supreme Court decision; en banc and precedential.
PARTIES	Horace Mann Life Insurance Company, Leo Hawkins, Jr. v. Betty Nunaley

TOPICS

life insurance litigation · insurance coverage · fraud · negligent misrepresentation · appellate procedure

PRACTICE AREAS

insurance · torts · remedies · appellate procedure

QUESTIONS PRESENTED

1. Whether the policy language was clear and unambiguous as a matter of law such that it could not support a fraud claim.
2. Whether Nunaley proved damages, a necessary element of her negligent-misrepresentation claim.
3. Whether Nunaley was entitled to punitive damages.

HOLDINGS

1. The plain language of Nunaley's policy was clear and unambiguous and did not constitute fraud as a matter of law.
2. Nunaley could not prevail on negligent misrepresentation because she failed to prove that she suffered damages as a direct and proximate result of reasonable reliance on a misrepresentation or omission.
3. Because Nunaley was not entitled to compensatory damages, she was necessarily not entitled to punitive damages.

KEY QUOTATIONS

> *"Thus, as the Court of Appeals has held in similar cases, we hold that the language of Nunaley's policy was clear and unambiguous."* (¶18)

> *"The record is simply devoid of any proof that Nunaley has suffered damages as a result of any negligent misrepresentation by the defendants."* (¶21)

> *"We hold that the plain language of Nunaley's policy did not constitute fraud and that Nunaley cannot prove the necessary element of damages in her negligent misrepresentation claim."* (¶23)

FACTUAL BACKGROUND

Betty Nunaley met with insurance agent Leo Hawkins to discuss purchasing life insurance for her two children. Although Nunaley testified that she believed she was purchasing two separate policies, the application and policy described joint-life, first-to-die coverage, with specified benefits and an option to convert to individual policies. After a medical test revealed that one child was a smoker, coverage was reduced by amendment; the child signed the amendment as policy owner, Nunaley did not see it, and the policy remained in effect while Nunaley continued paying premiums. No claim had been made because both children remained living.

PROCEDURAL HISTORY

Nunaley sued Horace Mann and Hawkins concerning the sale and terms of a joint-life, first-to-die insurance policy. The circuit court denied defendants' dispositive motions and conducted a jury trial. The jury found fraud and negligent misrepresentation, awarded compensatory and punitive damages, and the trial court entered judgment consistent with the verdict. The circuit court denied defendants' motion for JNOV, new trial, or remittitur, and defendants timely appealed.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

None. The court reversed the Humphreys County Circuit Court judgment and rendered judgment in favor of Horace Mann Life Insurance Company and Leo Hawkins, Jr.

CASES CITED

- Tyson Breeders, Inc. v. Harrison, 940 So. 2d 230, 232 (Miss. 2006)
- Burnette v. Hartford Underwriters Ins. Co., 770 So. 2d 948, 950 (Miss. 2000)
- Watts v. Horace Mann Life Ins. Co., 949 So. 2d 833, 836 (Miss. Ct. App. 2006)
- Parker v. Horace Mann Life Ins. Co., 949 So. 2d 57 (Miss. Ct. App. 2006)
- Warren v. Horace Mann Life Ins. Co., 949 So. 2d 770 (Miss. Ct. App. 2006)
- Evans v. Horace Mann Life Ins. Co., 946 So. 2d 910 (Miss. Ct. App. 2006)
- Wheeler v. Horace Mann Life Ins. Co., 2007 Miss. App. LEXIS 146
- Skrmetta v. Bayview Yacht Club, Inc., 806 So. 2d 1120, 1124 (Miss. 2002)
- Spragins v. Sunburst Bank, 605 So. 2d 777, 780 (Miss. 1992)
- Bank of Shaw v. Posey, 573 So. 2d 1355, 1360 (Miss. 1990)
- Berkline Corp. v. Bank of Mississippi, 453 So. 2d 699, 702 (Miss. 1984)
- Bradfield v. Schwartz, 936 So. 2d 931, 938 (Miss. 2006)