SUPREME JUDICIAL COURT OF MAINE

Pelkey v. General Electric Capital Assurance Co., 2002 ME 142

804 A.2d 385 (Me. 2002) · Decided August 21, 2002

SUMMARY

The Supreme Judicial Court of Maine held that an accident insurance policy was ambiguous regarding whether pre-existing medical conditions contributing to an accidental loss excluded coverage. Construing the ambiguity in favor of the insured, the court vacated the summary judgment for General Electric Capital Assurance Company and remanded for entry of judgment for Jack Dean Pelkey. A dissent would have affirmed, concluding that the policy's requirement that the loss result directly and independently of all other causes excluded coverage.

CASE DETAILS

COURT	Supreme Judicial Court of Maine
WRITING FOR THE COURT	Alexander, J.; Saufley, C.J.; Clifford, J.; Rudman, J.; Dana, J.; Calkins, J.; Levy, J.
JURISDICTION	Maine
DECIDED	August 21, 2002
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from a summary judgment entered for the insurer in a breach-of-contract and insurance-coverage action.
STANDARD OF REVIEW	Summary judgment is reviewed by viewing the evidence in the light most favorable to the nonmoving party and determining whether the lower court committed an error of law in interpreting the insurance policy. Insurance-contract interpretation is reviewed de novo.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Judicial Court of Maine
PARTIES	Jack Dean Pelkey v. General Electric Capital Assurance Company

TOPICS

insurance coverage · casualty insurance litigation · contract interpretation · appellate procedure · standard of review

PRACTICE AREAS

insurance law | contract law | appellate procedure

QUESTIONS PRESENTED

1. Whether the policy's requirement that a loss be due directly and independently of all other causes to accidental injury unambiguously excluded coverage when a pre-existing medical condition contributed to the loss.
2. Whether, in the absence of a separate disease exclusion, the policy's ambiguity had to be construed in favor of coverage for Pelkey's accidental loss.
3. Whether the Superior Court properly entered summary judgment for General Electric.

HOLDINGS

1. An accident insurance policy containing a directly-and-independently-of-all-other-causes provision but no separate disease exclusion is ambiguous as to whether coverage is barred when a pre-existing disease or condition combines with an accident to produce the loss.
2. Because the policy lacked a disease exclusion and was ambiguous regarding the effect of Pelkey's pre-existing conditions, the policy had to be interpreted in favor of coverage for the loss of his leg.

KEY QUOTATIONS

> *"With the law in Maine established, since 1937, that an explicit disease exclusion will work to exclude coverage where a disease and an accident combine to produce a loss, a policy that does not include such an exclusion is certainly ambiguous on the issue of whether coverage may be excluded if an accidental event combines with the effects of a disease to produce a loss."* (¶ 16, 804 A.2d at 389)

> *"Lacking such a recognized exclusion, the General Electric policy, construed liberally in favor of the insured, must be interpreted to hold that the loss that Mr. Pelkey suffered as a result of his accident is covered under the policy."* (¶ 19, 804 A.2d at 389)

FACTUAL BACKGROUND

Pelkey held an accident insurance policy originally issued by AMEX Life Assurance Company and later assumed by General Electric Capital Assurance Company. After an accidental fall in April 1998, he developed an infection that ultimately led to amputation of his left leg below the knee. Pelkey had pre-existing diabetes, peripheral vascular disease, and impaired circulation, and the parties stipulated that those conditions and the fall were substantial contributing factors to the infection and amputation; the fall alone would not have produced the loss. The policy contained a clause requiring the loss to result directly and independently of all other causes from accidental injury, but it did not contain a separate exclusion for pre-existing disease or conditions.

PROCEDURAL HISTORY

Pelkey sued General Electric Capital Assurance Company after it denied benefits under an accident insurance policy for the loss of his leg. The parties submitted simultaneous summary-judgment motions based on stipulated facts. The Superior Court concluded that the loss was excluded because it did not result directly and independently of all other causes from the accident, and entered judgment for General Electric. Pelkey appealed; he later dismissed his unfair-claims-practices count.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Vacate the judgment and remand for entry of judgment for Jack Dean Pelkey.

CASES CITED

- Acadia Ins. Co. v. Mascis, 2001 ME 101, ¶ 9, 776 A.2d 617, 620
- Hall v. Acadia Ins. Co., 2002 ME 110, ¶ 6, 801 A.2d 993, 995
- Geyerhahn v. United States Fid. & Guar. Co., 1999 ME 40, ¶ 12, 724 A.2d 1258, 1261
- Ray v. Blue Alliance Mut. Ins. Co., 594 A.2d 1110, 1111 (Me. 1991)
- Bouchard v. Prudential Ins. Co. of Am., 135 Me. 238, 194 A. 405 (1937)
- Acadia Ins. Co. v. Buck Constr. Co., 2000 ME 154, ¶ 9, 756 A.2d 515, 517
- Blackard v. Nat'l Biscuit Co., 125 Me. 201, 202-03, 132 A. 386, 387 (1926)
- Wheeler v. White, 1998 ME 137, ¶¶ 6-10, 714 A.2d 125, 127-28
- Shaw v. Bolduc, 658 A.2d 229, 235-36 (Me. 1995)
- Thompson v. Dep't of Inland Fisheries & Wildlife, 2002 ME 78, 796 A.2d 674
- Walker v. Maine Gen. Med. Ctr., 2002 ME 46, 792 A.2d 1074
- Kangas v. N.Y. Life Ins. Co., 223 Mich. 238, 193 N.W. 867, 869 (1923)
- Stevenson v. Conn. Gen. Life Ins. Co., 265 S.C. 348, 218 S.E.2d 427, 430 (1975)
- Gay v. Am. Motorists Ins. Co., 714 F.2d 13, 16 (4th Cir. 1983)
- Hall v. Allstate Life Ins. Co., 737 F. Supp. 1453, 1455 (N.D. Miss. 1990)
- Ellice v. INA Life Ins. Co. of N.Y., 208 Conn. 218, 544 A.2d 623, 627-29 (1988)