SUPREME COURT OF RHODE ISLAND

Atmed Treatment Center, Inc. v. The Travelers Indemnity Company

Atmed Treatment Center · No. 2021-130-Appeal · Decided December 9, 2022

SUMMARY

The Rhode Island Supreme Court reviewed an insurance coverage dispute involving Atmed Treatment Center's claim that Travelers had a duty to defend discrimination-related proceedings and litigation. The court held that the trial justice properly reconsidered and vacated an interlocutory decision and concluded that the policy's discrimination exclusion applied to the allegations before the Rhode Island Commission for Human Rights. The court affirmed the Superior Court in part and vacated it in part, including with respect to summary judgment on a severed and stayed bad-faith claim.

CASE DETAILS

COURT	Supreme Court of Rhode Island
WRITING FOR THE COURT	Associate Justice Maureen McKenna Goldberg; Chief Justice Suttell; Justice Goldberg; Justice Robinson; Justice Lynch Prata; Justice Long
JURISDICTION	Rhode Island
DECIDED	December 9, 2022
DOCKET	2021-130-Appeal
DISPOSITION	other
PROCEDURAL POSTURE	Atmed appealed from a Providence County Superior Court judgment granting Travelers' motion for reconsideration and cross-motion for summary judgment, denying Atmed's motion for partial summary judgment, and entering judgment for Travelers on all three counts.
STANDARD OF REVIEW	The Supreme Court reviewed the authority to modify the interlocutory decision de novo, the grant of summary judgment de novo, and the interpretation and ambiguity of the insurance policy de novo. Summary judgment is proper when the record shows no genuine issue of material fact and the moving party is entitled to judgment as a matter of law; evidence is viewed in the light most favorable to the nonmoving party.
PRECEDENTIAL VALUE	published opinion
PARTIES	Atmed Treatment Center, Inc. v. The Travelers Indemnity Company

TOPICS

duty to defend · insurance coverage · declaratory relief insurance · summary judgment · appellate procedure

PRACTICE AREAS

insurance law · civil procedure · appellate procedure · contract law

QUESTIONS PRESENTED

1. Whether Travelers' motion for reconsideration was governed by Rule 60(b) when the Superior Court's original bench decision had not become final.
2. Whether the Superior Court justice had authority to vacate and modify the prior interlocutory decision.
3. Whether the policy's discrimination exclusion precluded coverage and eliminated Travelers' duty to defend Atmed against Olofinlade's discrimination charge.
4. Whether the Superior Court improperly granted summary judgment on the severed and stayed bad-faith and implied-covenant claim when Travelers had not moved for summary judgment on that count.

HOLDINGS

1. Rule 60(b) did not govern Travelers' motion because the Superior Court's original decision was interlocutory rather than a final judgment or order.
2. A trial justice has plenary and inherent authority to modify or vacate an interlocutory judgment or order before final judgment.
3. The policy's discrimination exclusion applied to Olofinlade's charge, placing the alleged injuries outside the policy's coverage; therefore, Travelers had no duty to defend Atmed against the charge before the Rhode Island Commission for Human Rights.
4. The Superior Court erred by granting summary judgment on count three because that count had been severed and stayed, the parties had not fully litigated it, and Travelers had not requested summary judgment on it.

KEY QUOTATIONS

> *"A trial justice retains the authority "to modify any interlocutory judgment or order prior to final judgment.""* (16)

> *"It is therefore our opinion that Travelers had no duty to defend Atmed against Olofinlade's charge before the commission."* (21)

> *"Thus, we hold that the trial justice exceeded her authority in granting summary judgment in Travelers' favor as to that count of the complaint."* (25)

FACTUAL BACKGROUND

Olofinlade filed a discrimination charge with the Rhode Island Commission for Human Rights after alleging that Atmed confined her, her young daughter, and her brother-in-law for approximately four hours while they were evaluated for possible Ebola exposure. She alleged that the confinement and related treatment caused delay, stress, anxiety, fear, and other injuries and resulted from discrimination based on national origin, race, and color. Atmed notified Travelers and demanded a defense under a commercial general liability policy, but Travelers denied coverage and initially did not defend the commission proceeding. After Olofinlade filed a civil action, Travelers agreed to participate in the defense subject to a reservation of rights.

PROCEDURAL HISTORY

Atmed sued Travelers for declaratory relief concerning the duty to defend, breach of contract, and insurer bad faith. The Superior Court initially granted Atmed partial summary judgment on liability as to counts one and two, but before a final order entered, it granted Travelers' motion for reconsideration, vacated the prior ruling, and granted Travelers summary judgment on counts one and two. The court also granted summary judgment on count three, although that count had been severed and stayed and Travelers had not moved for summary judgment on it. The Supreme Court affirmed as to counts one and two, vacated the judgment as to count three, and remanded.

DISPOSITION

other

REMAND INSTRUCTIONS

The judgment is affirmed as to counts one and two, vacated as to count three, and the papers are returned to the Superior Court for further proceedings on count three.

CASES CITED

- McLaughlin v. Zoning Board of Review of Town of Tiverton, 186 A.3d 597, 604 n.9 (R.I. 2018)
- Turacova v. DeThomas, 45 A.3d 509, 514-16 (R.I. 2012)
- Renewable Resources, Inc. v. Town of Westerly, 110 A.3d 1166, 1170-71 (R.I. 2015)
- Berman v. Sitrin, 101 A.3d 1251, 1260 (R.I. 2014)
- National Education Association Rhode Island v. Town of Middletown by and through Dible, 210 A.3d 421, 425 (R.I. 2019)
- Morgan v. Bicknell, 268 A.3d 1180, 1182 (R.I. 2022)
- Sullo v. Greenberg, 68 A.3d 404, 406-07 (R.I. 2013)
- Ballard v. SVF Foundation, 181 A.3d 27, 34 (R.I. 2018)
- Webster Bank, National Association v. Rosenbaum, 268 A.3d 556, 558 (R.I. 2022)
- Sola v. Leighton, 45 A.3d 502, 506 (R.I. 2012)
- Shannahan v. Rhode Island Interlocal Risk Management Trust, 269 A.3d 737, 739 (R.I. 2022)
- Deutsche Bank National Trust Company v. McDonough, 160 A.3d 306, 311 (R.I. 2017)
- Bacon Construction Co., Inc. v. Arbella Protection Insurance Company, Inc., 208 A.3d 595, 598-99, 601 (R.I. 2019)
- Merrimack Mutual Fire Insurance Company v. Dufault, 958 A.2d 620, 625 (R.I. 2008)

- Beacon Mutual Insurance Company v. Spino Brothers, Inc., 11 A.3d 645, 649 (R.I. 2011)
- Town of Cumberland v. Rhode Island Interlocal Risk Management Trust, Inc., 860 A.2d 1210, 1215 (R.I. 2004)
- Casco Indemnity Co. v. Gonsalves, 839 A.2d 546, 548 (R.I. 2004)
- Allstate Insurance Company v. Ahlquist, 59 A.3d 95, 98 (R.I. 2013)
- Pressman v. Aetna Casualty and Surety Co., 574 A.2d 757, 760 (R.I. 1990)
- Mallane v. Holyoke Mutual Insurance Company in Salem, 658 A.2d 18, 20 (R.I. 1995)
- Lynch v. Spirit Rent-A-Car, Inc., 965 A.2d 417, 425 (R.I. 2009)
- Yi Gu v. Rhode Island Public Transit Authority, 38 A.3d 1093, 1099 (R.I. 2012)
- School Committee of Cranston v. Bergin-Andrews, 984 A.2d 629, 649 (R.I. 2009)
- Sarni v. Meloccaro, 113 R.I. 630, 636, 324 A.2d 648, 651 (1974)
- Coit v. Tillinghast, 91 A.3d 838, 843 (R.I. 2014)
- Simpson v. Vose, 702 A.2d 1176, 1177 (R.I. 1997)
- Greene v. Union Mutual Life Insurance Company of America, 764 F.2d 19, 22 (1st Cir. 1985)
- Fernandez-Vargas v. Pfizer, 522 F.3d 55, 61 n.2 (1st Cir. 2008)
- Jackson v. Medical Coaches, 734 A.2d 502, 505 (R.I. 1999)
- Cochran v. Quest Software, Inc., 328 F.3d 1, 11 (1st Cir. 2003)
- Zarella v. Minnesota Mutual Life Insurance Co., 824 A.2d 1249 (R.I. 2003)
- Robinson v. Malinoff, 770 A.2d 873, 876 (R.I. 2001)
- Catucci v. Pacheco, 866 A.2d 509, 515 (R.I. 2005)
- Providence Journal Co. v. Convention Center Authority, 824 A.2d 1246, 1248 (R.I. 2003)
- Skaling v. Aetna Insurance Company, 799 A.2d 997, 1004, 1010 (R.I. 2002)
- Houle v. Liberty Insurance Corporation, 271 A.3d 591, 594-95 (R.I. 2022)
