

SUPREME COURT OF NEW JERSEY

Robinson v. Coia, 183 N.J. 25

869 A.2d 878 (2005) · Decided March 29, 2005

SUMMARY

The Supreme Court of New Jersey held that a rental company may satisfy statutory liability requirements through self-insurance and is not necessarily required to provide primary coverage for a renter's liability to third parties. Because Avis's coverage and the renter's personal automobile policy each contained provisions making coverage excess to the other, the court treated the coverages as co-primary. The court reversed the Appellate Division and remanded for further proceedings.

CASE DETAILS

COURT	Supreme Court of New Jersey
WRITING FOR THE COURT	Per Curiam; Chief Justice Poritz; Justice Long; Justice LaVecchia; Justice Zazzali; Justice Albin; Justice Wallace; Justice Rivera-Soto
JURISDICTION	New Jersey
DECIDED	March 29, 2005
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Avis appealed the Appellate Division judgment concerning the priority and allocation of automobile liability coverage between Avis and the renter's personal automobile insurer.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of New Jersey
PARTIES	Avis Rent a Car System, Inc. v. Richard Brown, Jr.

TOPICS

- insurance coverage
- excess insurance
- casualty insurance litigation
- insurance
- contracts

PRACTICE AREAS

- insurance law
- automobile liability insurance
- insurance coverage disputes
- contract law

QUESTIONS PRESENTED

1. Whether a rental company may self-insure its vehicles to satisfy New Jersey's statutory liability requirements.

2. Whether compliance with the statutory liability requirement requires the rental company's insurance or self-insurance to be primary over the renter's personal automobile insurance.
3. Whether Avis's excess-coverage provision and Brown's personal policy excess clause should be treated as mutually repugnant and therefore render the two coverages co-primary.

HOLDINGS

1. A rental company may self-insure to fulfill the liability requirements of N.J.S.A. 45:21-3.
2. Satisfying N.J.S.A. 45:21-3 does not require a rental company's insurance or self-insurance to be primary with respect to a renter's liability to third parties.
3. When Avis's coverage and the renter's other-insurance clause each purport to be excess to the other, the two coverages are treated as co-primary.

KEY QUOTATIONS

“Compliance with that obligation does not require that the rental company's policy of insurance (or self-insurance) must be primary in respect of a renter's liability to third parties.” (869 A.2d at 880)

“when Avis's coverage by operation of contract and statute (memorialized in the rental agreement) and the renter's "other insurance" clause were each, by their terms, "excess" to the other, the two should be treated as co-primary.” (869 A.2d at 880)

FACTUAL BACKGROUND

Richard Brown, Jr. rented a vehicle from Avis and declined additional coverage offered in the rental agreement. Brown had a personal automobile insurance policy from Farmers Insurance Exchange containing an excess-insurance clause. The rented vehicle was registered in Pennsylvania and self-insured by Avis, whose rental agreement also stated that Avis's coverage was excess to any applicable coverage available to the renter. Brown was later involved in a multi-car accident that resulted in a personal-injury action by third parties.

PROCEDURAL HISTORY

The Appellate Division judgment was reversed. The Supreme Court of New Jersey adopted substantially the reasoning of Judge Wecker's dissenting opinion below and remanded for further proceedings consistent with its opinion.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The matter was remanded for further proceedings consistent with the opinion, including application of the co-primary coverage determination.

CASES CITED

- Robinson v. Coia, 369 N.J.Super. 336, 347-54, 848 A.2d 888 (App.Div.2004)
- Agency Rent-A-Car v. Indemnity Ins. Co. of North America, 268 N.J.Super. 319, 324-25, 633 A.2d 975 (App.Div.1993)
- Cosmopolitan Mut. Ins. Co. v. Continental Cas. Co., 28 N.J. 554, 563, 147 A.2d 529 (1959)

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