SUPREME JUDICIAL COURT OF MAINE

Beane v. Maine Insurance Guaranty Association

Beane v. Me. Ins. Guar. Ass'n, 2007 ME 40, 916 A.2d 204 · Decided March 1, 2007

SUMMARY

The Maine Supreme Judicial Court considered whether plaintiffs pursuing a medical malpractice claim against an insolvent insurer were required to exhaust the full limits of a solvent co-defendant's insurance coverage under the Maine Insurance Guaranty Association Act. The court held that the exhaustion provision applies to claims against an insurer under an insurance policy and does not apply to third-party claims by persons who are not parties to the insurance contract. The court vacated the Superior Court's judgment granting summary judgment to the Maine Insurance Guaranty Association.

CASE DETAILS

COURT	Supreme Judicial Court of Maine
WRITING FOR THE COURT	Dana, J.; Calkins, J.; Levy, J.; Silver, J.; Saufley, C.J.; Clifford, J.; Alexander, J.
JURISDICTION	Maine
DECIDED	March 1, 2007
DISPOSITION	vacated
PROCEDURAL POSTURE	Appeal from the Superior Court's grant of summary judgment to the Maine Insurance Guaranty Association and denial of the Beanes' cross-motion for summary judgment in a declaratory-judgment action concerning coverage under the Maine Insurance Guaranty Association Act.
STANDARD OF REVIEW	When the facts are undisputed, summary judgment is reviewed for errors of law. Statutory interpretation is reviewed de novo.
PRECEDENTIAL VALUE	Published precedential opinion
PARTIES	Rebecca Beane, David Beane v. Maine Insurance Guaranty Association

TOPICS

insurance coverage · statutory interpretation · plain meaning rule · standard of review · appellate procedure

PRACTICE AREAS

insurance coverage · insurance guaranty associations · statutory interpretation · appellate procedure

QUESTIONS PRESENTED

1. Whether 24-A M.R.S. § 4443(1) requires third-party claimants who are not parties to the solvent insurance contract to exhaust the full limits of that policy before seeking payment from MIGA.
2. Whether the Beanes had a claim against St. Paul under an insurance policy within the meaning of § 4443(1) when they settled before obtaining a judgment against the insured physician.

HOLDINGS

1. Section 4443(1) does not apply to claims by nonparties to the insurance contract, including the Beanes' third-party claim against the solvent insurer before judgment against the insured.
2. The court did not decide whether § 4443(1) applies to post-judgment claims against an insured's insurer under Maine's reach-and-apply statute, 24-A M.R.S. § 2904.

KEY QUOTATIONS

> *"We conclude as a matter of law that section 4443(1) does not apply to claims by nonparties to the insurance contract (i.e., third-party claims)"* (¶ 13)

> *"The entry is: Judgment vacated."* (¶ 13)

FACTUAL BACKGROUND

The Beanes sued two physicians for medical malpractice arising from the negligent diagnosis and treatment of Rebecca Beane's breast cancer. One physician's insurer, PHICO, was insolvent, so MIGA assumed the defense; the other physician had solvent coverage through St. Paul with a $1 million policy limit. The Beanes settled with the solvent insurer for $600,000, then sought a declaration that MIGA remained liable for up to $300,000 under the insolvent PHICO policy without requiring exhaustion of the full $1 million solvent-policy limit.

PROCEDURAL HISTORY

The Superior Court initially granted MIGA summary judgment on the ground that the Beanes had not exhausted the full limits of a solvent insurance policy covering one of the physicians. On the first appeal, the Supreme Judicial Court vacated and remanded because the parties had not supplemented the appellate record with their post-judgment settlement agreement and an agreed statement or finding concerning total damages. After the record was supplemented and the trial court again granted MIGA summary judgment, the Beanes brought this second appeal.

DISPOSITION

vacated

CASES CITED

- Beane v. Me. Ins. Guar. Ass'n, 2005 ME 104, ¶¶ 7-13, 880 A.2d 284, 286-87

- Pinkham v. Morrill, 622 A.2d 90, 93 (Me. 1993)
- City of Bangor v. Penobscot County, 2005 ME 35, ¶¶ 8-9, 868 A.2d 177, 180
- Tibbetts v. Me. Bonding & Cas. Co., 618 A.2d 731, 733 (Me. 1992)
- Ashe v. Enter. Rent-A-Car, 2003 ME 147, ¶ 14, 838 A.2d 1157, 1162
- Associated Hosp. Serv. of Me. v. Me. Bonding & Cas. Co., 476 A.2d 189, 190-91 (Me. 1984)
- Allen v. Pomroy, 277 A.2d 727, 730 (Me. 1971)
- Med. Malpractice Joint Underwriting Ass'n of R.I. v. R.I. Insurers' Insolvency Fund, 703 A.2d 1097, 1101-02 (R.I. 1997)
- Ins. Comm'r of State of Md. v. Prop. & Cas. Ins. Guar. Corp., 313 Md. 518, 546 A.2d 458, 463-65 (1988)
- Sands v. Pa. Ins. Guar. Ass'n, 283 Pa. Super. 217, 423 A.2d 1224, 1226-27 (1980)
- H.K. Porter Co. v. Penn. Ins. Guar. Ass'n, 75 F.3d 137, 141-42 (3d Cir. 1996)
- PIE Mut. Ins. Co. v. Ohio Guar. Ass'n, 66 Ohio St. 3d 209, 611 N.E.2d 313, 315 (1993)
- Conn. Ins. Guar. Ass'n v. Union Carbide Corp., 217 Conn. 371, 585 A.2d 1216, 1220-21 (1991)
