SUPREME COURT OF COLORADO

Principal Mutual Life Insurance Co. v. Progressive Mountain Insurance Co.

27 P.3d 343 (Colo. 2001) · Decided April 30, 2001

SUMMARY

The Colorado Supreme Court held that a named driver exclusion authorized by the Colorado No-Fault Act precludes a resident relative of a named insured from recovering personal injury protection benefits for injuries arising from the excluded driver's operation or use of the insured vehicle. The court concluded that the exclusion was an authorized limitation on PIP benefits and affirmed the court of appeals' judgment denying reimbursement to Principal Mutual Life Insurance Company.

CASE DETAILS

COURT	Supreme Court of Colorado
WRITING FOR THE COURT	Justice Hobbs
JURISDICTION	Colorado
DECIDED	April 30, 2001
DISPOSITION	affirmed
PROCEDURAL POSTURE	Principal filed a declaratory judgment action seeking, by subrogation, reimbursement from Progressive for medical and rehabilitation expenses paid for an injured resident relative. The parties stipulated to the facts and filed cross-motions for summary judgment. After the trial court ordered Progressive to reimburse Principal, the court of appeals reversed, and the Colorado Supreme Court affirmed the court of appeals on certiorari.
STANDARD OF REVIEW	De novo review of the interpretation of the No-Fault Act and the propriety of summary judgment on stipulated, undisputed facts.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Principal Mutual Life Insurance Company v. Progressive Mountain Insurance Company

TOPICS

insurance coverage · statutory interpretation · plain meaning rule · declaratory relief insurance · subrogation

PRACTICE AREAS

insurance law · automobile insurance · declaratory judgment · subrogation

QUESTIONS PRESENTED

1. Whether a named-driver exclusion authorized by section 10-4-721 of the Colorado No-Fault Act precludes a named insured's resident relative from recovering PIP benefits for injuries arising from the excluded driver's operation or use of an insured vehicle.
2. Whether the statutory provisions generally extending PIP benefits to resident relatives override an express, statutorily authorized named-driver exclusion.

HOLDINGS

1. When a named insured's policy expressly excludes coverage whenever a specified driver operates or uses a motor vehicle otherwise covered under the policy, the named insured's resident relatives are not entitled to PIP benefits for injuries arising from that excluded driver's operation or use of the vehicle.

KEY QUOTATIONS

> *"We hold that when a named insured's policy expressly excludes coverage when a certain driver operates or uses a motor vehicle otherwise covered under the policy, the named insured's resident relatives are not entitled to PIP benefits for injuries arising out of the excluded driver's use or operation of the vehicle."* (344)

> *"We therefore conclude that a named driver exclusion pursuant to section 10-4-721 is an authorized limitation on the payment of benefits under section 10-4-707(1)."* (347)

FACTUAL BACKGROUND

Bonnie Waneura insured her pickup truck with Progressive and signed a statutory endorsement excluding her husband, Mark, from coverage. Mark subsequently injured the couple's infant daughter, Miranda, while backing the truck in their driveway. Principal, Miranda's health insurer, paid her medical and rehabilitation expenses and sought reimbursement from Progressive by subrogation, but Progressive denied PIP coverage because Mark was an excluded driver.

PROCEDURAL HISTORY

The trial court construed the Colorado No-Fault Act as requiring PIP coverage for a named insured's resident relative despite the named-driver exclusion and ordered Progressive to reimburse Principal. The Colorado Court of Appeals reversed, holding that section 10-4-721 authorized exclusion of all liability arising from an excluded driver's operation of the insured vehicle. The Supreme Court of Colorado affirmed.

DISPOSITION

affirmed

CASES CITED

- Principal Mutual Life Insurance Co. v. Progressive Mountain Insurance Co., 1 P.3d 250 (Colo. App. 1999)
- Allstate Insurance Co. v. Avis Rent-A-Car System, Inc., 947 P.2d 341 (Colo. 1997)
- Meyer v. State Farm Mutual Automobile Insurance Co., 689 P.2d 585 (Colo. 1984)
- Allstate Insurance Co. v. Smith, 902 P.2d 1386 (Colo. 1995)
- Regional Transportation District v. Voss, 890 P.2d 663 (Colo. 1995)
- Travelers Indemnity Co. v. Barnes, 191 Colo. 278, 552 P.2d 300 (1976)
- DeHerrera v. Sentry Insurance, 30 P.3d 167 (Colo. 2001)
- Williams-Diehl v. State Farm Fire & Casualty Co., 793 P.2d 587 (Colo. App. 1989)
- Torrez v. State Farm Mutual Automobile Insurance Co., 180 Ariz. 223, 635 P.2d 511 (Ariz. Ct. App. 1981)
- Detroit Automobile Inter-Insurance Exchange v. Commissioner of Insurance, 86 Mich. App. 473, 272 N.W.2d 689 (1978)
- Phoenix Indemnity Insurance Co. v. Pulis, 129 N.M. 395, 9 P.3d 639 (2000)
- Wright v. Rodney D. Young Insurance Agency, 905 S.W.2d 293 (Tex. Ct. App. 1995)
- Nationwide Mutual Insurance Co. v. Miller, 305 Md. 614, 505 A.2d 1338 (1986)
- Unigard Security Insurance Co. v. Schaefer, 572 S.W.2d 303 (Tex. 1978)