

SUPREME COURT OF DELAWARE

Simendinger v. National Union Fire Insurance Co.

74 A.3d 609 (Del. 2013) · Decided March 19, 2013

SUMMARY

The Delaware Supreme Court held that a workers' compensation insurer could not assert a lien against underinsured motorist benefits paid under an employer-purchased UIM policy. Interpreting 19 Del. C. § 2363(e), the court concluded that the 1993 statutory amendments eliminated the insurer's ability to obtain reimbursement from the UIM payments and reversed the Superior Court's judgment.

CASE DETAILS

COURT	Supreme Court of Delaware
WRITING FOR THE COURT	Ridgely, Justice; Berger; Holland; Jacobs; Ridgely; Steele
JURISDICTION	Delaware
DECIDED	March 19, 2013
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from the Superior Court's grant of summary judgment enforcing a workers' compensation lien against underinsured-motorist benefits.
STANDARD OF REVIEW	De novo review of a grant of summary judgment, including whether there are genuine issues of material fact and whether the moving party is entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	Published opinion; precedential Delaware Supreme Court decision.
PARTIES	Philadelphia Indemnity Insurance Company v. National Union Fire Insurance Company

TOPICS

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether 19 Del. C. § 2363(e) permits a workers' compensation insurer to assert a lien against UIM benefits paid under an employer's UIM policy.
2. Whether the UIM policy exclusion barring the direct or indirect benefit of a workers' compensation insurer is unenforceable because it conflicts with 19 Del. C. § 2363(e).

HOLDINGS

1. Under the post-1993 version of 19 Del. C. § 2363(e), a workers' compensation insurer may not assert a priority lien against UIM payments made pursuant to an employer's UIM policy.
2. The UIM policy exclusion is enforceable, and the Superior Court erred as a matter of law by holding it unenforceable and enforcing the workers' compensation lien.

KEY QUOTATIONS

“We hold that the General Assembly has eliminated the ability of a worker’s compensation insurer to assert a lien against the UIM payments made pursuant to the employer’s UIM policy.” (74 A.3d at 609)

“The judgment of the Superior Court is REVERSED, and this matter is REMANDED for further proceedings consistent with this opinion.” (74 A.3d at 612)

FACTUAL BACKGROUND

Two Connections employees, Christopher Sturmfels and Michael Kriner, were killed in a collision while acting within the course and scope of their employment. Connections had workers' compensation coverage through National, which paid \$38,711 and \$31,754 to the decedents' personal representatives, and had purchased a \$1,000,000 UIM policy from Philadelphia Indemnity. The UIM policy excluded coverage benefiting a workers' compensation insurer or self-insurer. Philadelphia Indemnity tendered the UIM limits, while National sought a lien for the workers' compensation benefits it had paid.

PROCEDURAL HISTORY

After two employees were killed in an employment-related automobile collision, the UIM insurer interpleaded its \$1,000,000 policy limits. The employer intervened to enforce a lien for workers' compensation benefits paid by National, which was substituted as the real party in interest. The Superior Court granted National summary judgment, held the UIM policy exclusion unenforceable, and denied Philadelphia Indemnity's motion for reargument. Philadelphia Indemnity appealed.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remanded to the Superior Court for further proceedings consistent with the opinion.

CASES CITED

- State Farm Mut. Auto. Ins. Co. v. Patterson, 7 A.3d 454, 456 (Del. 2010)
- Brown v. United Water Delaware, Inc., 3 A.3d 272, 275 (Del. 2010)
- Adams v. Delmarva Power & Light Co., 575 A.2d 1103, 1106-07 (Del. 1990)
- Hurst v. Nationwide Mut. Ins. Co., 652 A.2d 10 (Del. 1995)
- Harris v. New Castle County, 513 A.2d 1307, 1308-09 (Del. 1986)
- Guy J. Johnson Transportation Co. v. Dunkle, 541 A.2d 551, 552 (Del. 1988)
- Travelers v. E.I. DuPont De Nemours & Co., 9 A.2d 88, 90-91 (Del. 1939)
- State v. Donahue, 472 A.2d 824, 827-28 (Del. Super. Ct. 1983)

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