SUPREME COURT OF MINNESOTA

Founders Insurance Company v. James Yates

888 N.W.2d 134 (Minn. 2016) · No. A15-1174 · Decided December 7, 2016

SUMMARY

The Minnesota Supreme Court held that Minn. Stat. § 65B.50, subd. 2 requires an out-of-state insurer that is not licensed in Minnesota to provide basic economic loss benefits when the insured vehicle and accident are in Minnesota. The court reversed the Minnesota Court of Appeals and reinstated the arbitration award of no-fault benefits to James Yates.

CASE DETAILS

COURT	Supreme Court of Minnesota
WRITING FOR THE COURT	Anderson, J.; Chutich, J. (took no part)
JURISDICTION	Minnesota
DECIDED	December 7, 2016
DOCKET	A15-1174
DISPOSITION	reversed
PROCEDURAL POSTURE	Yates pursued arbitration under Minnesota's No-Fault Automobile Insurance Act after Founders denied his claim for basic economic loss benefits. The district court confirmed the arbitration award, but the court of appeals reversed. The Minnesota Supreme Court granted review and reversed the court of appeals.
STANDARD OF REVIEW	Statutory interpretation is reviewed de novo.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of Minnesota.
PARTIES	James Yates v. Founders Insurance Company

TOPICS

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

PRACTICE AREAS

insurance law · appellate law

QUESTIONS PRESENTED

1. Whether Minn. Stat. § 65B.50, subd. 2, requires an out-of-state insurer that is not licensed to write motor vehicle insurance in Minnesota to provide basic economic loss benefits when the insured vehicle is in Minnesota and an accident occurs in Minnesota.
2. Whether applying Minn. Stat. § 65B.50, subd. 2, to nonlicensed insurers would render subdivision 1 or Minnesota insurance-licensing requirements meaningless.

HOLDINGS

1. A motor vehicle insurance carrier that is not licensed to sell insurance in Minnesota must pay basic economic loss benefits under Minn. Stat. § 65B.50, subd. 2, when the insured vehicle is in Minnesota and an accident occurs in Minnesota.
2. When statutory language is unambiguous and is not reasonably susceptible to more than one interpretation, the court applies the plain meaning of the statute.

KEY QUOTATIONS

> *"The plain language of the statute is clear. By its terms, the statute applies to all contracts of liability insurance for injury, wherever issued, including whether they were issued in Minnesota, Illinois, or some other place."* (at 4)

> *"Because there is no other reasonable interpretation of the statute, it is unambiguous and we must apply its plain meaning."* (at 6)

> *"We therefore conclude that Minn. Stat. § 65B.50, subd. 2, applies to an out-of-state insurer when its insured is in an accident in Minnesota and the insured vehicle is in Minnesota, even though the insurer is not licensed by the State of Minnesota to issue motor vehicle insurance."* (at 6-7)

FACTUAL BACKGROUND

Yates moved from Illinois to Saint Paul in October 2013 while retaining an automobile insurance policy issued by Founders in Illinois. The policy provided $1,000 in medical-payments coverage and contained no conformity clause increasing coverage to meet Minnesota's statutory minimum. After Yates was injured in a December 2013 Minnesota collision while driving the insured vehicle, Founders denied his claim for Minnesota no-fault benefits because it was not licensed to write motor vehicle insurance in Minnesota.

PROCEDURAL HISTORY

An arbitrator awarded Yates $19,128 in basic economic loss benefits. Founders separately sought declaratory relief in Ramsey County District Court and appealed the arbitration award; the matters were consolidated. The district court confirmed the award, the court of appeals reversed, and the Minnesota Supreme Court granted review to determine whether Minn. Stat. § 65B.50, subd. 2, applies to an out-of-state insurer that is not licensed to write motor vehicle insurance in Minnesota.

DISPOSITION

reversed

CASES CITED

- Founders Ins. Co. v. Yates, 876 N.W.2d 344 (Minn. Ct. App. 2016)
- Christianson v. Henke, 831 N.W.2d 532, 535 (Minn. 2013)
- Eclipse Architectural Grp., Inc. v. Lam, 814 N.W.2d 692, 701 (Minn. 2012)
- Sumner v. Jim Lupient Infiniti, 865 N.W.2d 706, 708 (Minn. 2015)
- Lietz v. N. States Power Co., 718 N.W.2d 865, 870 (Minn. 2006)
- State v. Schweppe, 306 Minn. 395, 401 n.3, 237 N.W.2d 609, 614 n.3 (Minn. 1975)
