

SUPREME COURT OF THE STATE OF MONTANA

Williams Insulation Company, Inc. v. Department of Labor and Industry, Uninsured Employers' Fund

314 Mont. 523 (2003) · No. No. 02-553 · Decided April 8, 2003

SUMMARY

The Montana Supreme Court affirmed a Workers' Compensation Court decision upholding a \$94,484.86 penalty against Williams Insulation Company for failing to obtain Montana workers' compensation coverage for employees working in the state. The Court held that Wyoming coverage did not apply to the employees while working in Montana, so Williams was not entitled to reciprocity under Montana law and was subject to the penalty. The Court also rejected Williams' due process challenge, concluding that its opportunity for contested-case and judicial review satisfied due process.

CASE DETAILS

COURT	Supreme Court of the State of Montana
WRITING FOR THE COURT	Justice W. William Leaphart; Karla M. Gray; James C. Regnier; James C. Nelson; Terry N. Triewelier; Patricia Cotter; Jim Rice
JURISDICTION	Montana
DECIDED	April 8, 2003
DOCKET	No. 02-553
DISPOSITION	affirmed
PROCEDURAL POSTURE	Williams Insulation appealed the Workers' Compensation Court's judgment upholding a \$94,484.86 penalty assessed by the Department of Labor and Industry for failing to maintain Montana workers' compensation coverage.
STANDARD OF REVIEW	The Court reviewed the Workers' Compensation Court's conclusions of law to determine whether its interpretation of the law was correct.
PRECEDENTIAL VALUE	Published Montana Supreme Court opinion; precedential
PARTIES	Williams Insulation Company, Inc. v. Department of Labor and Industry, Uninsured Employers' Fund

TOPICS

- workers compensation
- insurance
- administrative law
- statutory interpretation
- due process

PRACTICE AREAS

workers compensation

administrative law

insurance

statutory interpretation

constitutional law

QUESTIONS PRESENTED

1. Whether the Workers' Compensation Court erred in upholding the Department of Labor and Industry's penalty for Williams's failure to obtain Montana workers' compensation coverage.
2. Whether Montana's workers' compensation reciprocity statute required Williams to maintain Montana coverage despite its purchase of Wyoming coverage.
3. Whether Williams was denied due process when the Department did not provide notice of or an opportunity to participate in the administrative review.
4. Whether the penalty violated full faith and credit or equal protection principles.

HOLDINGS

1. An out-of-state employer is entitled to Montana reciprocity only if its out-of-state workers' compensation coverage applies to its employees while they work in Montana. Because Wyoming law did not cover Williams's employees whose employment was localized outside Wyoming, Williams was required to obtain Montana coverage and was subject to the statutory penalty.
2. Williams was not denied due process because it waived an evidentiary contested-case hearing and had judicial review available to challenge the Department's legal conclusions.

KEY QUOTATIONS

"Since Williams did not satisfy the prerequisite for reciprocity under subsection (2), it was required to obtain Montana coverage and is subject to the penalty provisions of § 39-71-504, MCA, for failing to do so." (¶ 18)

"The availability of judicial review of the UEF's conclusion of law, not only by the WCC, but by this Court, mandates our determination that Williams has not been denied due process." (¶ 22)

FACTUAL BACKGROUND

Williams, a Wyoming corporation qualified to do business in Montana, performed construction-related work at Montana job sites and purchased workers' compensation insurance in Wyoming based on its entire payroll. Williams did not purchase Montana coverage for employees working primarily in Montana because it believed its Wyoming policy provided valid coverage. After employee Thomas Fugare was injured while working in Montana, Wyoming denied coverage because his employment was localized outside Wyoming, and Montana's Department of Labor and Industry assessed Williams a \$94,484.86 penalty for failing to maintain Montana coverage.

PROCEDURAL HISTORY

The Department's Uninsured Employers' Fund assessed Williams a penalty based on Montana payroll for the period from June 26, 1997, through June 26, 2000. After administrative review sustained the penalty, Williams pursued contested-case proceedings; the parties submitted the matter to a hearings officer on briefs and

documents rather than proceeding with an evidentiary hearing. The hearings officer affirmed the penalty, the Workers' Compensation Court upheld that decision, and the Montana Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- *McFerran v. Consolidated Freightways*, 2000 MT 365, 303 Mont. 393, 15 P.3d 935
- *Stordalen v. Ricci's Food Farm*, 261 Mont. 256, 862 P.2d 393 (1993)
- *Schneeman v. State Department of Labor & Industry*, 257 Mont. 254, 848 P.2d 504 (1993)
- *Montana Power Co. v. Public Service Commission*, 206 Mont. 359, 671 P.2d 604 (1983)
- *Steer, Inc. v. Department of Revenue*, 245 Mont. 470, 803 P.2d 601 (1990)

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