SUPREME COURT OF NEW JERSEY

Guerline Felix v. Brian V. Richards

Felix · No. 081799; A-27-18 · Decided February 26, 2020

SUMMARY

The Supreme Court of New Jersey held that the state's deemer statute requires an out-of-state automobile insurance policy issued by an insurer authorized to transact business in New Jersey to include at least $15,000 per person/$30,000 per accident in bodily-injury liability coverage. The Court rejected GEICO's argument that New Jersey's basic policy, which may provide no bodily-injury coverage, altered that requirement. It also rejected GEICO's equal-protection challenge and affirmed the Appellate Division's judgment.

CASE DETAILS

COURT	Supreme Court of New Jersey
WRITING FOR THE COURT	Justice LaVecchia; Chief Justice Rabner; Justice Albin; Justice Fernandez-Vina; Justice Solomon; Justice Patterson; Justice Timpone
JURISDICTION	New Jersey
DECIDED	February 26, 2020
DOCKET	081799; A-27-18
DISPOSITION	affirmed
PROCEDURAL POSTURE	Certification appeal from the Appellate Division's affirmance of Law Division summary judgment requiring GEICO's Florida automobile policy to be reformed to include $15,000 per person/$30,000 per accident bodily-injury liability coverage under New Jersey's deemer statute.
STANDARD OF REVIEW	De novo review of a pure question of statutory construction and constitutional law; the Court applied the rational-basis test to the equal-protection challenge.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	GEICO Indemnity Company v. AAA Mid-Atlantic Insurance Company

TOPICS

insurance coverage | uninsured motorist | statutory interpretation | equal protection | appellate procedure

PRACTICE AREAS

automobile insurance | insurance coverage | statutory interpretation | constitutional law | appellate procedure

QUESTIONS PRESENTED

1. Whether New Jersey's deemer statute, N.J.S.A. 17:28-1.4, incorporates the basic policy's lack of mandatory bodily-injury coverage into the second sentence applicable to an insurer such as GEICO that writes automobile insurance in New Jersey and in other states.
2. Whether requiring GEICO's out-of-state policy to provide or be deemed to provide $15,000 per person/$30,000 per accident bodily-injury liability coverage violates the Equal Protection Clause of the Fourteenth Amendment.

HOLDINGS

1. The deemer statute does not incorporate the basic policy's bodily-injury coverage level into its second sentence. An insurer in GEICO's category must provide or be deemed to provide the compulsory minimum bodily-injury liability coverage of $15,000 per person and $30,000 per accident.
2. The deemer statute does not violate equal protection as applied to GEICO. Insurers authorized to write automobile insurance in New Jersey are treated uniformly because they must offer and provide the same presumptive minimum bodily-injury coverage, while New Jersey insureds—not insurers—may elect a lesser basic-policy level of coverage.
3. The Court declined to decide an equal-protection claim from the perspective of an out-of-state insured because no insured asserted that claim and the record lacked evidence concerning coverage disclosures, policy ratings, or the actual effect of the deemer statute on insureds.

KEY QUOTATIONS

> *"Through the deemer statute, in-state insurers writing policies in New Jersey and insurers that write in New Jersey and in other states must both offer insureds the minimum compulsory level of BI liability coverage of $15,000/$30,000 per person/per accident."* (4-5)

> *"The fact that the Legislature now permits New Jersey insureds to accept something less in BI coverage -- namely, zero BI coverage -- does not alter what remains the compulsory minimum BI liability coverage amounts that insurers writing in New Jersey must provide."* (22)

> *"The insurers are treated the same with respect to the duty to provide minimum compulsory insurance coverage limits -- whether to resident insureds or to out-of-state insureds through policies written in other states."* (26)

FACTUAL BACKGROUND

Felix's vehicle collided with Richards's vehicle in Newark, New Jersey. Richards was insured under a New Jersey AAA policy with bodily-injury and UM/UIM limits of $15,000 per person and $30,000 per accident, while Felix was insured by GEICO under a Florida policy that provided property-liability and PIP benefits but no bodily-injury liability coverage. After related personal-injury actions were filed, AAA sought to have GEICO's policy deemed to include New Jersey's compulsory bodily-injury coverage so that AAA would not owe UM/UIM benefits.

PROCEDURAL HISTORY

After a New Jersey automobile accident involving Felix and Richards, AAA filed a third-party complaint against GEICO, asserting that GEICO's Florida policy was deemed to include New Jersey's compulsory bodily-injury liability limits and that AAA therefore had no UM/UIM obligation. The Law Division granted summary judgment to AAA and rejected GEICO's statutory and equal-protection arguments. The Appellate Division affirmed, and the Supreme Court of New Jersey granted GEICO's petition for certification.

DISPOSITION

affirmed

CASES CITED

- Caviglia v. Royal Tours of Am., 178 N.J. 460 (2004)
- DiProspero v. Penn, 183 N.J. 477, 492 (2005)
- State v. Reiner, 180 N.J. 307, 311 (2004)
- Jersey Central Power & Light Co. v. Melcar Utility Co., 212 N.J. 576, 587 (2013)
- Patel v. Motor Vehicle Comm'n, 200 N.J. 413, 418-19 (2009)
- Med. Soc'y of N.J. v. Dep't of Law & Pub. Safety, 120 N.J. 18, 26-27 (1990)
- Cast Art Indus., LLC v. KPMG LLP, 209 N.J. 208, 222 (2012)
- Cooper Hosp. Univ. Med. Ctr. v. Prudential Ins. Co., 378 N.J. Super. 510, 515-17 (App. Div. 2005)
- N.J. Mfrs. Ins. Co. v. Varjabedian, 391 N.J. Super. 253, 258 (App. Div. 2007)
- State v. Bianco, 103 N.J. 383, 394 (1986)
- Greenberg v. Kimmelman, 99 N.J. 552, 564 (1985)
- Gov't Emps. Ins. Co. v. Allstate Ins. Co., 358 N.J. Super. 555, 560-61 (App. Div. 2003)
- Whitaker v. DeVilla, 147 N.J. 341, 347-48, 357-58 (1997)
- Zabilowicz v. Kelsey, 200 N.J. 507, 513 (2009)
- Leggette v. Gov't Emps. Ins. Co., 450 N.J. Super. 261, 265 (App. Div. 2017)
- Citizens United Reciprocal Exch. v. Perez, 223 N.J. 143, 153, 156 (2015)
- Dyszel v. Marks, 6 F.3d 116, 124-25 (3d Cir. 1993)
- Cleburne v. Cleburne Living Ctr., Inc., 473 U.S. 432, 439 (1984)
- Maceluch v. Wysong, 680 F.2d 1062, 1065 (5th Cir. 1982)
- New Orleans v. Dukes, 427 U.S. 297, 303 (1976)
- Dandridge v. Williams, 397 U.S. 471, 485 (1970)