SUPREME COURT OF NORTH CAROLINA

Register v. White

590 S.E.2d 862 (N.C. 2004) · Decided August 13, 2004

SUMMARY

The North Carolina Supreme Court held that a three-year contractual time limit for demanding arbitration of an underinsured motorist dispute begins when the insured's right to demand arbitration arises, not when the underlying bodily injury occurs. Because the liability insurer tendered its policy limits on 8 August 2001, the plaintiff's 24 September 2001 arbitration demand was timely. The court affirmed the Court of Appeals.

CASE DETAILS

COURT	Supreme Court of North Carolina
WRITING FOR THE COURT	Martin, Justice
JURISDICTION	North Carolina
DECIDED	August 13, 2004
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiff appealed an order denying her motion to compel arbitration of an underinsured-motorist claim. The Court of Appeals reversed and remanded for entry of an order compelling arbitration, and the Supreme Court of North Carolina granted discretionary review.
STANDARD OF REVIEW	Questions concerning the meaning of contractual provisions in an insurance policy are reviewed de novo on appeal.
PRECEDENTIAL VALUE	Published North Carolina Supreme Court opinion; precedential.
PARTIES	North Carolina Farm Bureau Mutual Insurance Company v. Melissa Register

TOPICS

uninsured motorist · contract interpretation · conditions precedent · appellate procedure · standard of review

PRACTICE AREAS

insurance · arbitration · appellate procedure · contract interpretation

QUESTIONS PRESENTED

1. Whether the three-year time limit for demanding arbitration under the UIM policy began to run when Register's bodily injury occurred or when her contractual right to demand arbitration arose after exhaustion of the tortfeasor's liability coverage.
2. Whether Register's 24 September 2001 arbitration demand was contractually time-barred.

HOLDINGS

1. The three-year time limit for demanding arbitration under the UIM policy begins to run when the insured acquires the contractual right to demand arbitration, which occurs no earlier than exhaustion of the applicable liability insurance limits and the existence of a UIM dispute.
2. Register's 24 September 2001 demand for arbitration was timely because the tortfeasor's insurer did not tender its policy limits until 8 August 2001, so the three-year contractual period had not expired.

KEY QUOTATIONS

> *"Accordingly, we hold that the three-year "time limit" referenced in the arbitration provision begins to run at the time an insured acquires a contractual right to demand arbitration."*

> *"To hold otherwise would require us to assume that a reasonable insured would read the arbitration provision to vest insured persons with a right that could become time-barred before it ever accrued."*

FACTUAL BACKGROUND

Melissa Register was injured on 30 June 1998 while riding in a vehicle driven by Steve Allen White. The vehicle owner's liability insurer, State Farm, tendered its $50,000 policy limits on 8 August 2001. Register demanded arbitration under her father's Farm Bureau UIM policy on 24 September 2001, but Farm Bureau rejected the demand as time-barred under a policy provision requiring arbitration to begin within the time limit allowed for bodily injury or death actions.

PROCEDURAL HISTORY

Register was injured in an automobile accident and later demanded arbitration under her father's Farm Bureau UIM policy after the tortfeasor's liability insurer tendered its policy limits. The superior court concluded that the arbitration demand was time-barred and denied the motion to compel arbitration. The Court of Appeals reversed, and the Supreme Court affirmed that decision.

DISPOSITION

affirmed

CASES CITED

- Register v. White, 160 N.C. App. 657, 587 S.E.2d 95 (2003)
- Humphries v. City of Jacksonville, 300 N.C. 186, 265 S.E.2d 189 (1980)
- Parker v. State Capital Life Ins. Co., 259 N.C. 115, 130 S.E.2d 36 (1963)

- Woods v. Nationwide Mut. Ins. Co., 295 N.C. 500, 246 S.E.2d 773 (1978)
- Jamestown Mut. Ins. Co. v. Nationwide Mut. Ins. Co., 266 N.C. 430, 146 S.E.2d 410 (1966)
- Klein v. Avemco Ins. Co., 289 N.C. 63, 220 S.E.2d 595 (1975)
- Walsh v. United Ins. Co., 265 N.C. 634, 144 S.E.2d 817 (1965)
- C.D. Spangler Constr. Co. v. Indus. Crankshaft & Eng'g Co., 326 N.C. 133, 388 S.E.2d 557 (1990)
- Dawes v. Nash County, 357 N.C. 442, 584 S.E.2d 760 (2003)
- Gaston County Dyeing Mach. Co. v. Northfield Ins. Co., 351 N.C. 293, 524 S.E.2d 558 (2000)
- Lanning v. Allstate Ins. Co., 332 N.C. 309, 420 S.E.2d 180 (1992)
- Silvers v. Horace Mann Ins. Co., 324 N.C. 289, 378 S.E.2d 21 (1989)
- Pleasant v. Motors Ins. Co., 280 N.C. 100, 185 S.E.2d 164 (1971)
- Miller v. Green, 183 N.C. 652, 112 S.E. 417 (1922)
- Grant v. Emmco Ins. Co., 295 N.C. 39, 243 S.E.2d 894 (1978)
- Wachovia Bank & Tr. Co. v. Westchester Fire Ins. Co., 276 N.C. 348, 172 S.E.2d 518 (1970)
- Ocean Hill Joint Venture v. N.C. Dep't of Env't, Health & Nat. Res., 333 N.C. 318, 426 S.E.2d 274 (1993)
- Thurston Motor Lines, Inc. v. General Motors Corp., 258 N.C. 323, 128 S.E.2d 413 (1962)
- Raftery v. Wm. C. Vick Constr. Co., 291 N.C. 180, 230 S.E.2d 405 (1976)
- Liberty Mut. Ins. Co. v. Pennington, 356 N.C. 571, 573 S.E.2d 118 (2002)
- Oanes v. Allstate Ins. Co., 617 N.W.2d 401 (Minn. 2000)
- Wille v. Geico Cas. Co., 2 P.3d 888 (Okla. 2000)
- N.C. Ins. Guar. Ass'n v. State Farm Mut. Auto. Ins. Co., 115 N.C. App. 666, 446 S.E.2d 364 (1994)
- Nationwide Mut. Ins. Co. v. Mabe, 342 N.C. 482, 467 S.E.2d 34 (1996), corrected by 342 N.C. 899 (1996)
- Johnson v. N.C. Farm Bureau Ins. Co., 112 N.C. App. 623, 436 S.E.2d 265 (1993)
- Hackett v. Bonta, 113 N.C. App. 89, 437 S.E.2d 687 (1993)
- Adams v. Nelsen, 313 N.C. 442, 329 S.E.2d 322 (1985)
- Henderson v. United States Fid. & Guar. Co., 346 N.C. 741, 488 S.E.2d 234 (1997)
- Brown v. Lumbermans Mut. Cas. Co., 326 N.C. 387, 390 S.E.2d 150 (1990)
- Jones v. Cas. Co., 140 N.C. 262, 52 S.E. 578 (1905)
- Johnston Cty. v. R.N. Rouse & Co., 331 N.C. 88, 414 S.E.2d 30 (1992)
- Heil v. United Ohio Ins. Co., 66 Ohio App. 3d 307, 584 N.E.2d 19 (1990)