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Illinois Supreme Court Confirms: No Stacking of Underinsured Motorist Benefits

By Jennifer Smith

In *Hobbs v. Hartford Insurance Company,* the Illinois Supreme Court analyzed two separate insurance cases that had been consolidated for appeal, and determined that both plaintiffs were not allowed to stack underinsured motorist benefits for two or more cars under the same policy. 2005 Ill. LEXIS 10.

Plaintiff Lula Hobbs carried underinsured motorist coverage for two vehicles under a single policy issued by Hartford Insurance Company of the Midwest. In June 2000 she was involved in a motor vehicle accident, allegedly sustaining injuries and damages in excess of $200,000. She settled these claims against the driver of the other vehicle for the driver's policy limits of $50,000. Her underinsured motorist coverage was in the amount of $100,000 per person and $300,000 per occurrence. Pursuant to this coverage, Hartford tendered Hobbs a check in the amount of $50,000, which represented the difference between the $100,000 per person underinsured motorist coverage afforded under Hobbs' policy, and the $50,000 Hobbs received from the other driver's insurer. In February 2002, Hobbs filed a declaratory judgment action in the circuit court of Madison County, arguing that the Hartford policy was ambiguous as to the limits of underinsured motorist coverage, and that she should be able to stack the underinsured motorist coverage for two vehicles, thus producing a per person limit of $200,000. Hartford in turn argued that the policy contained unambiguous antistacking language and that the underinsured motorist bodily injury limit was $100,000 per person.

The lower court determined that the policy was ambiguous, and that it must be construed in favor of the insureds to permit stacking. In doing so, the trial court declared that the underinsured motorist bodily injury limit was $200,000 per person. The appellate court affirmed.

Plaintiff Lee Ann Anheuser, of the consolidated appeal, was involved in a motor vehicle accident in September 1999.

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The Supreme Court held that antistacking clauses should be given effect if no ambiguity lies when the policy is read as a whole. Policy language does vary, and antistacking clauses frequently require case-by-case review. It should also be noted that courts might be more likely to find ambiguity if a declarations page lists underinsured motorist coverage more than once, or once for each of the covered vehicles.

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A personal injury suit against the other driver, Dana Sample, was eventually settled for Sample's policy limits of $100,000. The Anheusers then sought underinsured motorist coverage under an auto policy issued by Prudential Property and Casualty Insurance Company, which had covered three vehicles, including the one in the accident. Anheuser argued that the policy was ambiguous as to the limits of underinsured motorist coverage, and that stacking should be permitted to determine whether Sample was underinsured. Prudential, on the other hand, argued that Sample's policy was equal to the underinsured motorist benefits under the Anheuser policy, or $100,000 per person. Therefore, Sample was not an "underinsured" motorist and the underinsured motorist benefits were not available to the Anheusers. The trial court ruled in favor of the Anheusers, finding the declarations page of the policy to create ambiguity, and declared that the underinsured motorist bodily injury limits were $300,000 per person.

The only issue before the Supreme Court was whether or not these policies, as properly construed, prohibit or permit stacking of underinsured motorist coverage. The court noted that antistacking clauses within an insurance policy do not contravene public policy and, according to traditional contract interpretation, an antistacking clause will be given effect if unambiguous.

After analyzing prior case law, the court found that the Hobbs' Hartford policy contained an antistacking clause that unambiguously limited coverage to $100,000 per person, regardless of the number of vehicles or premiums shown on the declarations. Although the declarations page had columns pertaining to both covered vehicles, the bodily injury limit was only noted once on the page. The court stated that reading the declaration page by itself could cause some uncertainty, and that is precisely why the policy must be interpreted from an examination of the complete document. Contrary to Hobbs' allegations, the statement "Coverage is provided only where a premium is shown for the auto and coverage" does not create an ambiguity as to Hartford's limit of liability. Lacking ambiguity, the court held that the antistacking clause should be enforced as written, and the judgments of the trial and appellate courts were reversed.

With respect to the Anheuser's Prudential policy, which differed slightly from the Hartford policy, the court applied the same analysis. The court found that under a reasonable reading, the statement, "If a premium charge does not appear, that coverage is not provided" does not suggest whether coverage may be stacked, as the Anheusers alleged. The court went on to find the antistacking clause unambiguous, which read "Coverages on other cars insured by us cannot be added to or stacked on the coverage of the particular car involved." The only reasonable reading is the policy provided $100,000 of underinsured motorist coverage. The antistacking clause would therefore be enforced as written. The judgment of the circuit court was reversed.

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