Idaho Supreme Court Rules Anti-Stacking Clause is Ambiguous

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The enforceability of anti-stacking clauses in Idaho took a hit in the case of *Gearhart v. Mut. of Enumclaw Ins. Co.*, 2016 WL 4041704 (Idaho July 27, 2016). The dissenting opinion calls the case facts "heartbreaking," which may help explain why the majority's analysis took the route it did.

Trent Gearhart suffered a severe brain injury with permanent cognitive defects in an automobile accident caused by an underinsured motorist. Trent's divorced parents each had Mutual of Enumclaw insurance policies naming Trent as a beneficiary and providing $300,000 limits for accidents caused by underinsured motorists. Each policy contained identical "other insurance" provisions with anti-stacking clauses that read: "If this policy and any other policy providing similar insurance apply to the **accident**, the maximum limit of liability under all the policies shall be the highest applicable limit of liability under any one policy."

Mutual of Enumclaw filed a motion for summary judgment, contending that the anti-stacking clause limited Trent's maximum entitlement to UIM benefits under the Enumclaw policies to $300,000. Trent's parents argued that the "other insurance" provisions had conflicting excess insurance clauses, and for that reason, the entire "other insurance" provision should be disregarded (following the *Lamb-Weston* doctrine). The district court denied Mutual of Enumclaw's motion and the Idaho Supreme Court affirmed—by adopting an analysis that neither the district court nor Trent discussed.

It is rarely a good sign for an insurer when a court begins its analysis with a discussion of how ambiguous policy language is construed against insurers. And it is never a good sign for an insurer when a court begins its analysis by saying "[g]ood luck to the average insurance buyer in deciphering the meaning of this provision." With that foreshadowing, followed by a healthy discussion of public policy and its concern for protecting Idahoans from being undercompensated for their injuries, the majority opinion concluded that the anti-stacking clause was ambiguous because it could be construed as aggregating the limits of all applicable policies. The majority rhetorically asked: "Does this mean that one aggregates all of the applicable policy limits and then the total of the limits constitutes the highest limit of any one policy?"

The dissenting opinion found fault in the majority opinion's departure from the issue addressed in the district court's analysis and in the majority's "nonsensical" conclusion that the anti-stacking clause was ambiguous: "the anti-stacking clause is neither ambiguous nor complex. Its plain language serves to limit the maximum benefits available where multiple policies exist to the maximum benefit provided ‘under any one policy.' How hard is that to understand?"

Time will tell how anti-stacking provisions will be understood by the Idaho courts. But for insurers providing automobile coverage in Idaho, the *Gearhart* decision is a warning that policy language should be carefully reviewed in light of this opinion. It is too soon to tell what precedential effect *Gearhart* will have in the years to come, but anti-stacking clauses that mirror the one in the Mutual of Enumclaw policies are now at risk of not being enforced.