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News

SAN ANTONIO COURT OF APPEALS UPHOLDS UNINSURED MOTOR VEHICLE DEFINITIONAL EXCLUSION

Newsbrief

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In a memorandum opinion by Justice Rebeca C. Martinez the San Antonio Court of Appeals recently found that Texas law is well settled that the [definitional exclusion] unambiguously excludes vehicles owned by or furnished for the regular use of an insured or family member from the definition of uninsured motor vehicle and that such a limitation of coverage does not contravene public policy.

In *Mata v. State Farm Mutual Insurance Company*, 2014 WL 6474223, (Tex.App.—San Antonio, Nov. 2014), Andrew Mata and Oscar Mata sued State Farm Mutual Insurance Company after it denied their claim for underinsured motorist benefits. Melody Cavazos was driving her father's vehicle when she was involved in an automobile accident. The vehicle was regularly used either by Cavazos or her father. The Matas were passengers in Cavazos's vehicle which was insured by State Farm. The Matas and others first made liability claims against the policy, and State Farm paid out the policy limits on the liability claims. The Matas then made a claim for underinsured motorist benefits.

The Policy at issue contained four definitions of the term "uninsured motor vehicle." The fourth definition defined an "uninsured motor vehicle" as including an underinsured motor vehicle, which is a vehicle covered by a liability policy where the limits of liability are not enough to pay the full amount the covered person is legally entitled to recover as damages. The Matas were covered persons and alleged that they were legally entitled to recover more in damages than the liability benefits State Farm paid to them. The policy also, however, contained a definitional exclusion which states, an "uninsured motor vehicle" does not include any vehicle "owed by or furnished or available for the regular use of [the insured] or any family member." Because the vehicle in which the Matas were passengers was furnished for the regular use of Cavazos by her father, who was the insured under the policy, State Farm moved for summary judgment. The trial court granted State Farm's motion, and the Matas appealed.

The Matas argued that "The trial court granted judgment as a matter of law by ignoring the fourth definition [of uninsured motor vehicle], which covers the facts in this case." The appellate court noted that although State Farm focused on the definitional exclusion in its summary judgment motion, the Matas never referenced this exclusion in their brief or provided any basis on which the exclusion should not apply to the facts in this case.

The Court found that "Texas law is well settled that the [definitional exclusion] at issue in this case unambiguously excludes vehicles owned by or furnished for the regular use of an insured or family member from the definition of

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uninsured motor vehicle and that such a limitation of coverage does not contravene public policy.” The Court also noted that State Farm cited specific legal authority supporting the application of the definitional exclusion; but the Matas did not discuss the relevant authority in their brief or explain why this well-settled law is inapplicable to their case.

The Court did footnote that in a previous case the San Antonio court of appeals refused to apply the definitional exclusion for public policy reasons under the facts presented in *Briones v. State Farm Mut. Auto. Ins. Co.*, 790 S.W.2d 70, 73–74 (Tex.App.—San Antonio 1990, writ denied). But further noted that the Matas failed to make any public policy argument for not applying the definitional exclusion to the facts in this case, and also noted that the Austin court of appeals rejected a public policy argument made in *Rosales v. State Farm Mut. Auto. Ins. Co.*, 835 S.W.2d 804, 805 (Tex.App.—Austin, 1992, writ denied).

The Court found that, based on well-settled Texas law, the trial court did not err in granting summary judgment in favor of State Farm because Cavazos's vehicle was not an uninsured motor vehicle; therefore, the Matas were not entitled to receive any underinsured motorist benefits and the trial court judgment was affirmed.