

A MATTER OF POLICY

BY LAWRENCE SAVELL

Our June issue contained an informative and comprehensive article by Chris Condon of Condon & Skelly regarding specialized collector car insurance. He pointed out such policies offer many benefits, not the least of which is their often-lower cost as compared to traditional automotive insurance. However, such savings may come at a price: the often-reduced scope of coverage provided.

This scope of a particular collector car policy was the subject of *St. Paul Mercury Insurance Company v. Corbett*, decided last year by the Superior Court of Pennsylvania.

Scott J. Corbett, while driving a vehicle owned by his employer, was severely injured in a "hit-and-run" accident. Insurance policies from several insurers were in effect covering his employer's vehicle and covering Corbett through his mother and wife. In addition, Corbett himself had a special antique automobile policy with St. Paul covering a 1952 Singer roadster, which provided for \$50,000 of uninsured/underinsured motorist benefits.

Corbett sought payment of uninsured motorist (UM) benefits from St. Paul (as well as from the other insurers). St. Paul filed a petition asking the court to declare that it was not liable to Corbett for UM benefits. The company argued that, under its policy, such coverage was limited to injuries sustained while Corbett was operating the Singer roadster, which was not the case here.

The lower court denied St. Paul's petition. The company appealed. On August 13, 1993, the Superior Court reversed that decision, ruling in St. Paul's favor that Corbett was not entitled to UM benefits from it for the accident.

The Superior Court began its analysis

by noting that, under Pennsylvania law, every motor vehicle liability policy issued in that state must include uninsured/underinsured motorist coverage (unless the insured rejects such benefits by a written and signed waiver).

The court stated that the clear and unambiguous language of the St. Paul policy limited its coverage to antique automobile activities. Indeed, even with regard to the Singer, the policy required that, to be covered, the vehicle "must be used mainly for car club activities, exhibits, parades or a private collection." Although "occasional use of the automobile for other reasons" was permitted, the policy cautioned that it "won't cover loss or damage if the vehicle is driven for regular auto usage" (such as to and from work or school). Given the policy's focus on the limited use of the Singer, the court ruled that it would not be reasonable for Corbett to expect to be covered when he was driving another car. It concluded: "The antique automobile insurance policy is not designed to provide UM benefits to a covered person in a hit and run accident unless the uninsured motor vehicle hits the antique auto."

As further evidence of Corbett's reasonable expectations, the court noted that the premiums charged for the UM coverage under the antique policy were "substantially lower" than those charged under regular policies. The court stated: "This case illustrates the time worn maxim, 'you get what you pay for.' Keeping in mind the low cost of the premiums, in addition to the clear language of the policy and the material differences between an antique car policy and a personal use automobile policy, Corbett could not reasonably expect St. Paul to provide UM coverage under the circumstances presented here."

Finally, the court ruled that the restricted UM coverage under the antique policy was not contrary to "public policy." In fact, the court argued, permitting coverage here would frustrate one of the intended goals of the insurance law: controlling spiraling insurance costs. The court observed: "The very limited use of antique automobiles does not subject them to the normal exposure or danger from uninsured motorists. These vehicles are seldom driven on highways for fear of wear and tear or breakdown. In fact, owners of antique automobiles often have their antique cars transported on flatbed trucks. Because of the decreased risks associated with antique vehicles, premiums for these special insurance policies are lower than those for personal automobile policies. To invalidate the restrictions found in the policy would force insurance companies to raise rates on antique automobile policies to account for the attendant increased risks."

Insurers offering specialized antique car policies provide a valuable and responsive service to collectors. Although particular policies may have different provisions (and may be interpreted differently by different courts), the *Corbett* case makes an important point. As with any agreement, if you are considering a collector car policy you must make sure that you understand what you are getting — and what you are not.

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