

Commonwealth of Kentucky

Court of Appeals

NO. 2011-CA-002038-MR

ROBERTA HAYDEN

APPELLANT

v.

APPEAL FROM GREENUP CIRCUIT COURT
HONORABLE REBECCA K. PHILLIPS, JUDGE
ACTION NO. 10-CI-00088

KAREN KAY HAYDEN PARKS

APPELLEE

OPINION
AFFIRMING

** ** * * * * *

BEFORE: ACREE, CHIEF JUDGE; MOORE AND THOMPSON, JUDGES.

THOMPSON, JUDGE: Roberta Hayden appeals from a judgment declaring that Karen Kay Hayden Parks is entitled to receive the proceeds of a Western Southern life insurance policy issued to Karen's father, Raymond Hayden. The sole issue presented is whether a separation agreement entered into between Raymond and Karen's mother, Linda Hayden, established Karen's entitlement to the insurance

proceeds beyond her infancy. We agree with the circuit court that Karen is entitled to the insurance proceeds and, therefore, affirm.

Karen was born in 1976. In 1989, Raymond and Linda were divorced and executed a separation agreement incorporated into a decree of dissolution dividing the parties' marital property and debt and providing for Karen's support. Paragraph twenty-five is at the center of the present controversy and provided:

That party of the second part, Raymond M. Hayden, shall pay the \$50.00 premium on his \$100,000.00 Western Southern life insurance policy, and said policy have Karen Hayden as the beneficiary with Linda C. Hayden as Guardian during her infancy. Further, second party agrees to give the premium payment to first party who shall make sure all premium payments are made current.

Subsequently, Raymond married Roberta and designated her as the beneficiary of the Western Southern life insurance policy. Following Raymond's death in 2009, Roberta and Karen submitted claims to Western Southern for the \$100,000 life insurance proceeds. Because of the conflicting claims, Western Southern refused payment to either Roberta or Karen. Roberta filed this action to require Western Southern to pay the proceeds into the Greenup Clerk for placement in an interest-bearing account and to establish her sole entitlement to the proceeds. Karen filed a counter-claim for interpleader asserting her entitlement to the same proceeds. Western Southern also counter-claimed for interpleader seeking to pay the proceeds to the Greenup Clerk and be relieved of any future obligations.

The circuit court entered an order requiring Western Southern to pay the proceeds to the Greenup Clerk for placement in an interest-bearing account. After Western Southern paid the funds to the clerk, it was dismissed.

On March 2, 2010, Roberta filed a motion for summary judgment. At the scheduled hearing on the motion, Karen made a verbal motion for summary judgment. On October 6, 2011, the court issued a judgment declaring that Karen was entitled to the proceeds.

Roberta argues that under the separation agreement's terms, Karen was to be designated as the beneficiary on the life insurance policy only while she remained a minor. She maintains that the insurance provision was related to Raymond's child support obligation and, after Karen reached majority, Raymond was not required to retain Karen as the beneficiary. Karen counters that the separation agreement did not limit her designation as a beneficiary to her minority.

“The terms of a settlement agreement, as incorporated into a decree of dissolution of marriage, are enforceable according to contract principles. The interpretation of a contract is a matter of law and is reviewed by the Court *de novo*.” *McMullin v. McMullin*, 338 S.W.3d 315, 320 (Ky.App. 2011)(internal citations omitted). The rules of contract interpretation dictate that the parties' intentions are to be discerned from the four corners of the document itself. Absent ambiguity, extrinsic evidence should not be considered and a court will interpret the contract terms by assigning language its ordinary meaning. *Baker v. Coombs*, 219 S.W.3d 204, 207 (Ky.App. 2007).

The pertinent part of the separation agreement between Raymond and Linda specifically addressed the Western Southern life insurance policy and stated that the policy shall designate “Karen Hayden as the beneficiary with Linda C. Hayden as Guardian during her infancy.” In contrast to other provisions in the agreement pertaining to custody, visitation, and child support where she is referred to as “infant child” or “said child,” Karen is referred to by name, without reference to her age.¹ We agree with the circuit court that the deliberate isolated act of identifying Karen by name without designation as a child or language limiting Raymond’s obligation to retain her as the beneficiary on the Western Southern life insurance policy expressed the parties’ intent that Karen would continue to be the beneficiary on the policy after she reached majority.

We are not persuaded that a contrary intent is indicated because the agreement required premium payments to be made to Linda as guardian during Karen’s infancy. At the time of the agreement, Karen was a minor and the parties properly contemplated that proceeds may have been payable prior to Karen reaching majority, requiring that a guardian receive and manage the proceeds. The phrase, “during her infancy” referred to that time in which the beneficiary designation would require that a guardian be listed. Although the guardian’s role terminated when Karen reached majority, her entitlement to the proceeds did not end.

¹ Roberta cites an unpublished case by this Court, *Downs v. Downs*, 2007-CA-000979, as authority. However, that case is not on point because the agreement specifically stated that the insurance policy shall be maintained with the “infant child named as beneficiary.”

As noted by the circuit court, it is immaterial that the parties agreed that the payments would be made to Linda to be forwarded to Western Southern. The parties agreed that payments other than for life insurance were to be paid to Linda and forwarded to a third party. Specifically, a monthly payment to Civic Savings was to be paid by Raymond to Linda which Linda was to forward to Civic Savings. As the circuit court noted, although it cannot be stated with certainty why the parties agreed that payments were to be made through Linda, it is clear that a reason existed unrelated to child support, such as mistrust or irresponsibility.

We also reject Roberta's contention that Karen's designation as beneficiary was in the nature of child support that terminated upon her reaching majority. The pertinent provision of the agreement was not included with the provisions relating to custody, child support, or medical support. It was preceded and followed by provisions relating to the distribution of property and debt. Therefore, when the entire document is considered, it is logical to conclude that the provision regarding Raymond's Western Southern life insurance policy was divided as marital property in the parties' negotiated settlement agreement.

Although insurance policies are sometimes maintained as protection against the death of a parent paying child support, the obligation to maintain life insurance for a child's benefit is likewise common as part of a negotiated property settlement agreement. We echo the advice offered by the Indiana Court of Appeals: "As property settlement agreements are contractual in nature, it is important that parties understand the necessity of clearly identifying the intent of

such provisions. Courts will not speculate as to intent and will not look beyond the four corners of the document.” *Miller v. Partridge*, 734 N.E.2d 1061, 1065 (Ind.App. 2000). In this case, the agreement unambiguously expressed the parties’ intent that Karen’s entitlement to the Western Southern life insurance policy proceeds extends beyond her minority.

Based on the foregoing, the summary judgment of the Greenup Circuit Court is affirmed.

ALL CONCUR.

BRIEF FOR APPELLANT:

Thomas W. Lavender
Ashland, Kentucky

BRIEF FOR APPELLEE:

James E. Armstrong
Greenup, Kentucky