

**COURT OF APPEALS  
THIRD APPELLATE DISTRICT  
ALLEN COUNTY**

**V. VICTORIA CALHOUN, ET AL.,**

**CASE NUMBER 1-06-97**

**PLAINTIFFS-APPELLANTS,**

**v.**

**O P I N I O N**

**SONNY CARL HARNER, ET AL.,**

**DEFENDANTS-APPELLEES.**

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**CHARACTER OF PROCEEDINGS: Appeal from Common Pleas Court.**

**JUDGMENT: Judgment affirmed.**

**DATE OF JUDGMENT ENTRY: March 17, 2008**

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**ATTORNEYS:**

**THOMAS R. KELLY**  
Attorney at Law  
Reg. #0040319  
**Peter D. Traska**  
Reg. #0079036  
Landerhaven Corporate Center  
6110 Parkland Boulevard  
Mayfield Heights, OH 44124  
For Appellants.

**JAMES D. UTRECHT**  
Attorney at Law  
Reg. #0015000  
12 South Plum Street  
Troy, OH 45373  
For Appellee, American Select Insurance Co.

**DAVID A. CHENEY**  
**Attorney at Law**  
**Reg. #0010546**  
**101 North Elizabeth Street, Suite 607**  
**P.O. Box 1217**  
**Lima, OH 45802**  
**For Appellee, Luke Calhoun, Sr.**

**JOHN VINCENT**  
**Attorney at Law**  
**Reg. #0070501**  
**250 East Broad Street**  
**Columbus, OH 43215**  
**For Appellee, Sonny Carl Harner.**

**PRESTON, J.**

{¶1} Plaintiffs-appellants, Victoria Calhoun (hereinafter “Victoria”), the estate of Isabelle Calhoun (hereinafter “Isabelle”), Luke “Tyler” Calhoun, Jr. (hereinafter “Tyler”), Olivia Roberts (hereinafter “Olivia”), and Jake Ehrnsberger (hereinafter “Ehrnsberger”) (collectively “appellants”), appeal the decision of the Allen County Court of Common Pleas to grant summary judgment in favor of defendant-appellee, American Select Insurance Company.<sup>1</sup> For the reasons that follow, we affirm the trial court’s decision.

{¶2} This is a declaratory judgment action to determine whether compensation is available under the uninsured-motorist (UM) section of an automobile insurance policy. American Select issued the policy to Victoria’s

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<sup>1</sup> This case arises from plaintiff-appellant’s App.R. 26(A) motion for reconsideration. Our prior opinion in this case is *Calhoun v. Harner*, 3d Dist. No. 1-06-97, 2007-Ohio-6025.

husband, Luke Calhoun, Sr., (hereinafter “Luke”) on June 16, 2003. Notably, Victoria and Luke had two children together, Tyler and Isabelle. Victoria also had a third child, Olivia, from a pre-marital relationship with Ehrnsberger.

{¶3} On October 11, 2003, Luke and Sonny Harner (hereinafter “Harner”) were involved in an automobile accident on State Route 65 in Perry Township, Allen County, Ohio. Luke turned left into oncoming traffic. Six-year-old Olivia, three-year-old Tyler, and two-year-old Isabelle were all passengers in Luke’s automobile at the time. Each of the children sustained physical injuries, and Isabelle died. Victoria witnessed the accident.

{¶4} The policy that American Select issued to Luke included liability coverage, but the policy also contained the following exclusion: “[w]e do not provide Liability coverage for any *insured*: \* \* \* for *bodily injury to you* or any *family member*.” “*You*’ means “the person shown as the named insured in the Declarations, [or] \* \* \* that person’s spouse if a resident of the same household.” “*Family member*’ means a person related to *you* by blood, marriage or adoption who is a resident of *your* household \* \* \*.”

{¶5} In addition, the policy included UM coverage in the amount of \$100,000 per person and \$300,000 per accident. Luke paid a separate premium for the UM coverage, and the policy classified Luke’s 2000 Pontiac Bonneville as a “*covered automobile*.” In this regard, the policy provided in pertinent part:

“*[U]ninsured motor vehicle* does not include any vehicle or equipment \* \* \* that is a *covered automobile* for which coverage is provided under \* \* \* this policy.”

{¶6} On June 27, 2005, the appellants filed a complaint against Harner, Luke, and American Select.<sup>2</sup> In the complaint, the appellants alleged various tort claims and sought a declaratory judgment that Isabelle’s estate, Tyler, and Olivia were all entitled to compensation under the UM section of the policy. In opposition, American Select counterclaimed for a declaratory judgment that the policy excluded liability coverage for Luke and that no one was entitled to compensation under the UM section of the policy.

{¶7} On August 1, 2006, American Select moved for summary judgment. The appellants then filed a response and cross-motion for summary judgment. In their motion, the appellants admitted the policy excluded liability coverage. The appellants also argued Isabelle’s estate, Tyler, and Olivia were entitled to compensation under the UM section of the policy because Luke was an uninsured motorist.

{¶8} On September 26, 2006, the trial court granted summary judgment in favor of American Select. In doing so, the trial court found the S.B. 97 version of Ohio’s UM statute, R.C. 3937.18, permitted American Select to include “terms and conditions” that precluded UM coverage. The trial court also found Isabelle’s

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<sup>2</sup> Victoria acted in her individual capacity, as the administratrix of Isabelle’s estate, and as the mother and next friend of Tyler and Olivia.

estate, Tyler, and Olivia were not entitled to compensation under the UM section of the policy. As a result, the trial court dismissed the appellants' complaint insofar as it pertained to American Select.

{¶9} The appellants now appeal to this court and set forth four assignments of error for our review. For purposes of clarity, we combine the appellants' first and second assignments of error.<sup>3</sup>

#### **ASSIGNMENT OF ERROR NO. I**

**The trial court erred by failing to account for the fact that the General Assembly specifically deleted the former allowance at 3937.18(K)(1-2) of “intra-family” UM/UIM exclusions.**

#### **ASSIGNMENT OF ERROR NO. II**

**The trial court failed to account for the supreme court's distinction between a policy “definition” and a policy “exclusion.”**

{¶10} In their first assignment of error, the appellants argue the legislature amended R.C. 3937.18 on several occasions and thereby implicitly rejected the UM restriction at issue.<sup>4</sup> In their second assignment of error, the appellants argue the UM restriction is a “definition” not an “exclusion.” Based on these arguments, the appellants conclude the UM restriction is invalid, and the trial court erred

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<sup>3</sup> The trial court stayed further proceedings in this case pending this appeal.

<sup>4</sup> The appellants cite the following amendments: Am.Sub.H.B. No. 261, effective 9-3-1997; Am.Sub.S.B. No. 267, effective 9-21-2000; and Am.Sub.S.B. No. 97, effective 10-31-2001.

when it granted summary judgment in favor of American Select.

{¶11} On appeal, we review the trial court's decision to grant summary judgment de novo. *Doe v. Shaffer* (2000), 90 Ohio St.3d 388, 390, 738 N.E.2d 1243, citing *Grafton v. Ohio Edison Co.* (1996), 77 Ohio St.3d, 102, 105, 671 N.E.2d 241. Summary judgment is proper where: there is no genuine issue of material fact; the moving party is entitled to judgment as a matter of law; and reasonable minds can reach but one conclusion when viewing the evidence in favor of the non-moving party, which is adverse to the non-moving party. *Id.*, citations omitted.

{¶12} The parties agree the S.B. 97 version of R.C. 3937.18 applies in this case. S.B. 97 amended R.C. 3937.18, on October 31, 2001, to eliminate the requirement that insurers must offer UM coverage. S.B. 97 also modified a provision, which the legislature first added in 1997, that permitted insurers to preclude UM coverage. *Kelly v. Auto-Owners Ins. Co.*, 1st Dist. No. C-050450, 2006-Ohio-3599, ¶7, citing R.C. 3937.18(J), Am.Sub.H.B. No. 261, effective 9-3-97.

{¶13} The changes that S.B. 97 brought about were significant. Prior to S.B. 97, terms and conditions that precluded UM coverage had to conform to the exclusions in the UM statute. See R.C. 3937.18(J), Am.Sub.H.B. No. 261, effective 9-3-97. After S.B. 97, the exclusions in the UM statute serve only as

examples. A UM policy may now include “terms and conditions that preclude [UM] coverage for bodily injury or death suffered by an insured under specified circumstances, including but not limited to” any of the circumstances specified in the UM statute. R.C. 3937.18(I), Am.Sub.S.B. No. 97, effective 10-31-2001; *Snyder v. Am. Family Ins. Co.*, 114 Ohio St.3d 239, 2007-Ohio-4004, 871 N.E.2d 574, ¶15; *Green v. Westfield Ins. Co.*, 9th Dist. No. 06CA0025-M, 2006-Ohio-5057, ¶¶16-17; *Kelly*, 2006-Ohio-3599, at ¶7.

{¶14} In this case, the policy that American Select issued to Luke included liability coverage and UM coverage. The appellants admitted the policy excluded liability coverage under the facts presented herein. In regards to UM coverage, the policy provided in pertinent part: “[U]ninsured motor vehicle does not include any vehicle or equipment \* \* \* that is a *covered automobile* for which coverage is provided under \* \* \* this policy.” The policy classified Luke’s 2000 Pontiac Bonneville as a “*covered automobile*.”

{¶15} As set forth above, the appellants argue the legislature amended R.C. 3937.18 on several occasions and thereby implicitly rejected the UM restriction at issue. For support, the appellants note the legislature removed certain provisions from prior versions of R.C. 3937.18 that purportedly supported the UM restriction. See R.C. 3937.18(K)(1) and (2), Am.Sub.H.B. 261, No. 261, effective 9-3-1997.

According to the appellants, “[t]he law formerly allowed the intra-family restriction on the definition of an uninsured vehicle, but the law has changed.”

{¶16} The appellants’ argument belies the plain language of R.C. 3937.18. The phrase “including but not limited to,” which S.B. 97 added to R.C. 3937.18(I), is determinative. It permits insurers to include “terms and conditions” in a policy that preclude UM coverage under circumstances other than those listed in the statute, as long as the circumstances are specified in the policy. *Green*, 2006-Ohio-5057, at ¶16. See, also, *Kelly*, 2006-Ohio-3599, at ¶12; *Snyder v. Am. Family Ins. Co.*, 10<sup>th</sup> Dist. No. 05-AP-116, 2005-Ohio-6751, ¶¶21-23. “[I]nsurance companies and their customers are [therefore] free to contract in any manner that they see fit.” *Green*, 2006-Ohio-5057, at ¶20. Since that is what happened in this case, we find the appellants’ first argument and their conclusion that UM restriction is invalid meritless.

{¶17} The appellants also argue the UM restriction included in the policy that American Select issued to Luke is a “definition” not an “exclusion.” The UM restriction admittedly falls within the portion of the UM section of the policy that *defines* what constitutes an “uninsured motor vehicle.” But, because R.C. 3937.18 permits insurers to include “terms and conditions” that preclude UM coverage, we



fail to see how the definition-exclusion distinction is of any consequence.<sup>5</sup> As such, we find the appellants' second argument also meritless.

{¶18} For these reasons, we overrule the appellants' first and second assignments of error.

### ASSIGNMENT OF ERROR NO. III

**The trial court erred by failing to recognize that, under the plain terms of the contract, the intra-family exclusion is not triggered because there is no liability coverage under the same policy.**

{¶19} In their third assignment of error, the appellants argue the UM restriction was not triggered. More specifically, the appellants argue Luke's 2000 Pontiac Bonneville was not a "**covered automobile** for which coverage is provided under Part 1 of [the] policy" because American Select denied liability coverage. The appellants thus conclude the trial court erred when it granted summary judgment in favor of American Select. This argument lacks merit.

{¶20} Part III, §C3d(1)(3) of the American Select Insurance contract provides the following definition: "\*\*\* **uninsured motor vehicle** does not include any vehicle or equipment \*\*\* that is a **covered automobile** for which coverage is provided under Part I of this policy." The appellants do not dispute that the 2000 Pontiac Bonneville was a "covered vehicle" under the policy; rather, they argue

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<sup>5</sup> Furthermore, we note that *Wertz v. Wertz* (Huron C.P. 6/27/06), Case No. CVC 2005 0493 upon which appellants rely for this argument has now been overruled. *Wertz v. Wertz*, 6th Dist. No. H-06-036, 2007-Ohio-4605. This argument was also specifically rejected by the Court in *Wertz*. Id at ¶19, citing *Howard v. Howard*, 4th Dist. No. 06CA755, 2007-Ohio-3940, ¶32.

that coverage was not ‘provided’ because American Select denied their claim. In effect, appellants urge us to interpret the term ‘provided’ as the equivalent of authorizing a claim under the policy, or, in other words, actually paying appellants under the policy. We disagree with this interpretation.

{¶21} The term “provided” in Part III, §C3d(1)(3) is not the term of consequence; rather, it is the term “covered automobile” that is relevant for determining whether the vehicle is an “uninsured vehicle.” The term “provided” alludes to the fact that the vehicle is a “covered vehicle,” i.e. it is listed in the Declarations. (Definitions §D1). Since the 2000 Pontiac Bonneville is listed in the Declarations it is a “covered vehicle”; and therefore, not an “uninsured vehicle” for purposes of Part III of the contract.

{¶22} Appellants further argue that “American Select’s policy \* \* \* specifically states that uninsured motor vehicle includes a vehicle to which a liability policy applies, but which has been denied by the insuring company.” This quotation references Part III, §C3d(3) of the contract, the definition of an “uninsured motor vehicle.” The argument is as follows: (1) the 2000 Pontiac Bonneville is a “vehicle to which a \* \* \* policy applies” (the American Select policy); (2) the “insuring company” (American Select) has denied coverage; therefore: the 2000 Pontiac Bonneville is an “uninsured motor vehicle” covered under Part III of the contract. This argument is meritless.

{¶23} The problem with the argument is not one of form but substance. Namely, premise two requires the inference that “insuring company” refers to American Select, as indicated by our parenthetical. American Select, however, is referred to by “We,” “us” and “our” in the contract, not as the “insuring company.” (Definitions §L). Accordingly, the argument misinterprets the contract language and is without merit.

{¶24} As a final note, appellants urge that their arguments are supported by *Shay v. Shay*, 164 Ohio App.3d 518, 2005-Ohio-5874, 843 N.E.2d 194, overruled, in part, by *Shay v. Shay*, 113 Ohio St.3d 172, 2007-Ohio-1384, 863 N.E.2d 591. We disagree. To begin with, the Court of Appeals for the Sixth District in *Shay* was presented with an application of R.C. 3937.18, as amended by Am.Sub.S.B. No. 267, effective 10-21-2000. 2005-Ohio-5874, at ¶9. Here, the cause of action arose under a subsequent version of R.C. 3937.18, amended by Am.Sub.S.B. No. 97, effective 10-31-2001. See also, supra discussion as to Assignments of Error Nos. I & II. Furthermore, even assuming that *Shay* was applicable, the arguments presented by appellants have been discussed supra and found meritless.

{¶25} For all these reasons, appellant’s third assignment of error is overruled.

**ASSIGNMENT OF ERROR NO. IV**

**The trial court erred by enforcing the intra-family exclusions in the appellants' policy notwithstanding the fact that the appellee has not made the exclusions conspicuous and easy to understand.**

{¶26} In their fourth assignment of error, the appellants argue the UM restriction is not clear, conspicuous, or understandable. From this premise, the appellants conclude the restriction is invalid and therefore unenforceable.

{¶27} A basic rule of insurance contract interpretation is that exceptions to insurance coverage must be clearly and conspicuously displayed. *Lane v. Grange Mut. Cos.* (1989), 45 Ohio St.3d 63, 65, 543 N.E.2d 488. See also, *Kelly*, 2006-Ohio-3599, at ¶9.

{¶28} In this case, the UM restriction is clear, conspicuous, and understandable. The policy advises one to read carefully, and the pertinent portions of the policy and the restriction are emphasized by bold lettering and italics. When read as a whole, the pertinent portions of the policy adequately apprise the reader of what constitutes an “uninsured motor vehicle” and when UM coverage is available. Accordingly, we find the appellants' argument unpersuasive, and we overrule the appellants' fourth assignment of error.

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{¶29} Having found no error prejudicial to the appellants in the particulars assigned and argued, we affirm the trial court's decision.

*Judgment affirmed.*

**SHAW, P.J., concurs.**

**WILLAMOWSKI, J., concurs in judgment only.**

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