Coverage of Intentional Act of Insured

South Carolina Farm Bureau Mutual Insurance Co. v. Mumford, 382 S.E.2d 11 (S.C. Ct. App. 1989).

A South Carolina court of appeals concluded that the state's mandatory automobile coverage statute required an insurer to insure against third party damages caused by the intentional acts of the insured. In an unsuccessful attempt at suicide, Mumford, the insured, drove her car into McLamb, the third party. Mumford's insurance, issued by South Carolina Farm Bureau, contained two applicable provisions. One provision stated that the insurer covered bodily injury and property damage for which the insured became legally liable. The second provision excluded coverage for any person who intentionally caused injury or damage. The insurer sued for a declaration that the second provision permitted it to deny coverage for the injuries caused to McLamb by Mumford's suicide attempt. The trial court agreed with the insurer, but the court of appeals reversed.

To reach the conclusion that the policy provided coverage, the court relied on the state's mandatory automobile insurance statute to hold that the exclusion for intentional acts was invalid. The statute required that an automobile policy insure against "loss from liability imposed by law." It did not distinguish between intentional and negligent acts. Therefore, a policy issued under this statute had to provide the coverage for both intentional and negligent injuries to third parties.

The court reinforced its position with several other arguments. First, it noted that the statute contained several other exclusions. These explicit exclusions indicated that the legislature did not intend any others. Second, the court found that the mandatory nature of the insurance indicated that the purpose was to compensate third parties rather than hold harmless the insured. Third, the court rejected the suggestion that the rule against coverage of intentional acts applied in this instance. The legislature had "already balanced the public interest in prohibiting insurance for intentionally harmful acts against the public interest in compensating the victims" and chosen "to weigh the latter interest more heavily than the former." The court would not disturb the choice the legislature had made.

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