

CONTRACT LAW - INTERPRETATION AND DEFENSES

Summary

Appellant Beckwith, acting in a state of intoxication after having voluntarily ingested alcohol, marijuana, and LSD, experienced hallucinations and disrobed. Co-appellant Reccelle confronted Beckwith as there were children playing in the area. Beckwith contends that he thought he was a dog and that Reccelle was his “evil master,” and that he felt the need to act in self-defense. Acting on his delusions, Beckwith struck and injured Reccelle. Beckwith pleaded *nolo contendere* to criminal charges, and, when Reccelle filed a civil complaint, Beckwith requested that Appellee, State Farm Fire and Casualty, provide defense and indemnification under the provisions of Beckwith’s homeowners’ insurance policy. State Farm denied the request and filed for a declaratory judgment affirming non-coverage under the policy.

State Farm moved for summary judgment, arguing that the incident was not an “occurrence” within the definition of the policy, being excluded under the “intentional acts” provision. Appellants argue that Beckwith’s state of intoxication precluded intentional action. Further, Beckwith argues that, at the time of the incident, he (mistakenly) believed he was acting in self-defense, which would preclude a finding that his actions were intentional.

The district court found for defendant, granting the requested summary judgment, concluding the incident was not covered under Beckwith’s policy. Appellants jointly appealed.

Issue and Disposition

Issue

The sole issue before the court is whether acts actively committed by one in a voluntarily-induced state of intoxication may be held to be intentional as defined within the homeowners’ liability insurance policy. Appellants assert that, as policyholder was under the influence of intoxicating and hallucinatory agents, he was unable to act intentionally. Defendant’s position is that the actions *were* intentional, despite policyholder’s mistaken perceptions of reality at the time of the occurrence.

Disposition

The Nevada Supreme Court reviewed the lower court’s ruling *de novo*, and affirmed its findings. Voluntary intoxication does not negate intent.

¹By Ira David

Court's Rationale

The court used the plain meaning of the insurance policy, and the dictionary definition of accident, to distinguish accidental from unintentional, not from mistaken or erroneous. The actions taken by Beckwith **were** intentional, i.e. not accidental, although they may have been made under mistaken beliefs, or the results may not have been as desired. As the actions were intentional, they fell within the exclusion as defined in the insurance policy, and hence coverage was properly denied.

State of the Law Prior to, and Subsequent to, *Beckwith*

The Beckwith decision relies on the court's similar ruling in *Mallin v. Farmers Insurance Exchange*.² Stare decisis was applied, Beckwith's arguments to the contrary.

Similarly, there was no change to the law following this case. Beckwith simply confirms, and affirms, the prior position of the Nevada Supreme Court.

Survey of Law in Other Jurisdictions

The court references a number of cases from outside of Nevada, all of which arrive at similar conclusions. State court holdings from Texas,³ Louisiana,⁴ New York,⁵ Arizona,⁶ Missouri⁷ and Wisconsin⁸ are all cited in support of the court's position. No cases are discussed in the court's holding which support the position taken by the appellants.

Some such cases are discussed in the dissenting opinion. These cases may be broken into two groups. First, there are those cases for which the intentional acts exclusion clause in the homeowners' policy is different than that in the instant case.⁹ Second, there are those cases which do not dispute that the exclusion clause may be applied in cases where the insured has

²839 P.2d 105 (Nev. 1992).

³Wessinger v. Fire Ins. Exch., 949 S.W.2d 834, 840 (Tex.App. 1997) ("voluntary intoxication cannot be used to defeat the intent requirement in an insurance policy).

⁴Hooper v. State Farm Mut. Auto Ins. Co., 782 So.2d 1029, 1033 (La.Ct.App. 2001) (striking another in the face with a close fist is an intentional act, despite the claim that it was not).

⁵Royal Indem. Co. v. Love, 630 N.Y.S.2d 652, 654 (1995) (intentional assault cannot be an accident as it is an intentional act).

⁶Ohio Cas. Ins. Co. v. Henderson, 939 P.2d 1337, 1343 (Ariz. 1997) (where the actions of the insured are such that harm is likely to occur, the intentional acts exclusion is applicable).

⁷Hanover Ins. Co. v. Newcomer, 585 S.W.2d 285, 189 (Mo.Ct.App. 1979) (whether the insured was under the influence is not relevant to whether the act of swinging a machete falls under the intentional acts exclusion).

⁸Ludwig v. Dulian, 579 N.W.2d 795, 799 (Wis. 1998) (where the actions of insured are purposeful and substantially certain to cause injury, insurance coverage is precluded under the intentional acts exclusion, even where the insured may claim not to have intended any harm).

⁹E.g., Hanover Insurance Co. v. Talhouni, 604 N.E.2d 689, 690-91 (Mass. 1992) (where the clause precludes coverage for "bodily injury or property damage which is expected or intended by the insured" which means that it is the damage which is expected or intended, not the act itself).

formed an intent to act, but refer the question of ability to form such and intent to a jury.¹⁰ Even in these cases, the issue is not directly whether the ability to act with intent was present, but rather whether the decision is properly made by the judge or by the trier of fact.

Despite the questions raised in the dissent, and the cases cited therein, the prevailing position in most, if not all, jurisdictions is that absent a showing that the insured was *so* intoxicated as to be unaware of their actions and unable to control their own actions, voluntary intoxication does not provide an argument with which to dispute the denial of coverage under the intentional acts exclusion clause of a homeowners' insurance policy, i.e. does not negate intent.

Concurrence

Justice Agosti's concurrence points out that the court's position is limited to cases in which the intoxication was voluntary. If the intoxication had been forced upon the insured, Justice Agosti indicates she would favor coverage under the policy.

Dissent

Justices Rose and Shearing rely on *Republic Insurance v. Feidler*¹¹ which places a higher awareness requirement for the exclusionary clause of a homeowners' policy than that invoked for criminal action such as aggravated assault. Arizona requires that, for the exclusion to apply, the insured had to have an awareness of the expected results of their actions. Absent such a showing, denial of coverage was held improper. While denial of a defense of voluntary intoxication in a criminal case is a matter of public policy, foreclosing the option of a convenient defense and the evasion of responsibility, in a civil case where insurance coverage is the issue, the public policy is less clear. The insured would still have the responsibility to prove to the satisfaction of a trier of fact that the state of intoxication was sufficient to deny the insured any minimal level of intent, but such a defense would be allowable.

The dissent does not in any way indicate that the insurer should automatically be held liable. Rather, they would rather the trier of fact make the determination, as opposed to the judge on summary judgment.

Conclusion

Beckwith is a verdict that favors insurance providers. Homeowners' insurance policy holders may not assert voluntary intoxication to dispute denial of coverage where such denial is based upon the intentional acts exclusion clause of their policies. However, this was not a unanimous decision. It was a 4-2 ruling, and so may be attacked again in the future, although reversal would still require the insured to show that the intoxication was sufficient to preclude any intentional action. Finally, this decision only applies under conditions of voluntary intoxication, and the question remains open for circumstances where the intoxication is either

¹⁰See generally, *Nationwide Mut. Ins. Co. v. Flagg*, 789 A.2d 586 (Del.Super 2001).

¹¹*Republic Insurance v. Fiedler*, 875 P.2d 187, 191-92 (Ariz.App. 1993) (distinguishing the intent component of the insurance exclusion from that needed to convict on a charge of aggravated assault).

imposed upon the insured, or occurs as a result of error or accident.