ARIZONA SUPREME COURT
ORAL ARGUMENT CASE SUMMARY

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY v. CONNOR BALZAN
CV-24-0140-PR

PARTIES:

Petitioner/Defendant:

Connor Balzan ("Connor").

Respondents/Plaintiff:

State Farm Mutual Automobile Insurance Company ("State Farm").

Amicus Curiae:

Arizona Association for Justice/Arizona Trial Lawyers Association (in support of Petitioner).

FACTS:

This matter arises from a disagreement over whether an insured individual can obtain underinsured motorist ("UIM") benefits from multiple automobile policies, or whether the policies' anti-stacking provisions can limit such coverage to a single policy.

In April 2019, Connor sustained injuries in a car accident. He was insured under a State Farm automobile policy that covered a Hyundai that he primarily drove and that provided UIM benefits ("Hyundai Policy"). Connor made premium payments on the Hyundai Policy. Connor's parents, Kimberly and Russel, purchased and are listed as named insureds on four other State Farm automobile policies ("Household Policies"), each of which also provided UIM benefits. Premium payments for three of the Household Policies, which insured a Jeep, Mercedes-Benz, and Infiniti, were made from a checking account owned by Connor's parents.

After recovering policy limits from the other driver involved in the accident, Connor made a UIM benefits claim with State Farm. State Farm paid UIM policy limits under the Hyundai Policy and one Household Policy. It declined to pay UIM benefits under the other policies, citing the anti-stacking provision included in all five policies, which reads:

> If multiple policies or coverages purchased from the *State Farm Companies* by one *insured* on different vehicles provide Underinsured Motor Vehicle Coverage which applies to the same accident or claim, the *insured* shall select one of these policies or coverages to apply to the accident. Only the one policy selected by the *insured* shall apply and no coverage will be provided by any of the other policies.

State Farm argued that Connor could not recover additional UIM benefits because his parents had purchased the Household Policies as a married couple, making them "one insured." After State

Farm sued for declaratory relief and moved for summary judgment, Connor filed a cross-motion. He argued that different insureds purchased the policies and, thus, he could stack UIM benefits under the Household Policies. The trial court granted State Farm's motion and denied Connor's motion.

Connor appealed, arguing that because he, along with his parents, had purchased multiple policies, he was entitled to benefits under the other policies.

The Court of Appeals affirmed. The Court of Appeals explained that the anti-stacking provision of the State Farm policies largely mirrors the statutory anti-stacking provision set forth in A.R.S. § 20-259.01(H), and neither Connor nor State Farm contended that the provisions meaningfully differed. Although the Court of Appeals determined that Connor's parents are not "one insured," it held that this alone did not allow stacking. It explained that permitting multiple insureds who jointly purchased multiple policies to apply separate UIM coverages to a single claim would defeat the purpose and effect of A.R.S. § 20-259.01(H) and the express language of the policies' anti-stacking provisions.

ISSUE:

The Arizona Supreme Court granted review as to the following rephrased issue:

1. Under A.R.S. § 20-259.01(H), do multiple insured individuals who jointly purchase multiple policies using community or shared funds constitute "one insured"?

STATUTORY PROVISIONS:

A.R.S. § 20-259.01(H) provides:

> Uninsured and underinsured motorist coverages are separate and distinct and apply to different accident situations. Underinsured motorist coverage shall not provide coverage for a claim against an uninsured motorist in addition to any applicable uninsured motorist coverage. If multiple policies or coverages purchased by one insured on different vehicles apply to an accident or claim, the insurer may limit the coverage so that only one policy or coverage, selected by the insured, shall be applicable to any one accident. If the policy does not contain a statement that informs the insured of the insured's right to select one policy or coverage as required by this subsection, within thirty days after the insurer receives notice of an accident, the insurer shall notify the insured in writing of the insured's right to select one policy or coverage. For the purposes of this subsection, "insurer" includes every insurer within a group of insurers under a common management.