



**ARIZONA SUPREME COURT  
ORAL ARGUMENT CASE SUMMARY**



**DIANA GLAZER v. STATE OF ARIZONA  
CV-17-0229-PR**

**PARTIES:**

*Petitioner:* The State of Arizona (“the State”)

*Respondent:* Diana Glazer (“Glazer”)

**FACTS:**

***The Relevant Post-Judgment Interest Statutes.*** A.R.S. § 44-1201(B) provides that post-judgment interest is generally “the lesser of ten percent per annum or at a rate per annum that is equal to one per cent plus the prime rate.” A.R.S. § 41-622(F), however, says that a lower interest rate (“the average yield offered by United States treasury bills”) applies to a judgment against the State while it is on appeal if it is “paid for out of the risk management revolving fund.”

***The Revolving Fund.*** The Risk Management Revolving Fund is a fund created by the legislature to pay claims against the State, as well as to buy insurance and to pay defense costs. The State has a self-insured retention of seven million dollars, meaning that the State pays all claims below that amount without recourse to insurance. It has purchased insurance to cover amounts greater than that amount, including amounts due for post-judgment interest. The insurer, however, does not pay claimants directly. Rather, the Revolving Fund pays the claim in the first instance, and is reimbursed by the insurer only after the claim is closed.

***Glazer’s Judgment.*** In 2012, Glazer obtained a \$7.8 million judgment against the State stemming from a jury verdict in Glazer’s favor on a negligence claim, reflecting a \$6.3 million award for Glazer and two \$750,000 awards for her two children. Shortly after the judgment was affirmed on appeal, the Department of Administration’s risk management section issued three checks (one for each award) to pay the principal amount of the judgment. Although payments were supposed to come from the Revolving Fund, a lower level employee mistakenly processed the checks from a different fund, the Construction Insurance Fund. The checks were then sent out to Glazer. When the mistake was discovered, the risk management section directed that the State’s accounting records be corrected to show that the Revolving Fund was the payment source.

The superior court later heard argument on how to calculate post-judgment interest for the period when the case was on appeal. Glazer argued that the interest rate set forth in A.R.S. § 44-1201(B) should apply, which was 4.25 percent per year. She argued that the lower interest rate in A.R.S. § 41-622(F) (which was less than one percent per year) did not apply because the funds used to pay the judgment were from the Construction Insurance Fund, not the Revolving Fund. The State argued that the lower rate should apply because the payments were made from the Construction Insurance Fund resulting from a mistake, and the Revolving Fund had already reimbursed that fund for those payments. Glazer also argued that A.R.S. § 41-622(F) did not apply because the excess insurance carrier—not the State—would pay the total amount of interest. The State contested that assertion, arguing that increasing the interest rate on amounts insurance reimburses would increase future premiums and might affect the State’s ability to obtain insurance.

The superior court ruled in the State’s favor. It found that the payment from the Construction Insurance Fund was merely a mistake that was quickly corrected. “Ultimately then, the judgment was paid from the Risk Management Fund,” making A.R.S. § 41-622(F) applicable. Glazer then appealed.

***The Court of Appeals’ Decision.*** The Court of Appeals affirmed the superior court’s order that A.R.S. § 41-622(F) applied to seven million dollars of the judgment, but reversed as to the remaining \$800,000 of the judgment. *Glazer v. State*, 242 Ariz. 391 (App. 2017).

The court rejected Glazer’s argument that A.R.S. § 41-622(F) did not apply because the judgment was paid by the Construction Insurance Fund. It explained that “[t]he statute’s language is clear: any judgment against the State that is paid for out of the Risk Management Revolving fund shall accrue interest at the reduced rate.” It also noted that “[t]he statute does not require the checks issued to pay the judgment be issued from” the Revolving Fund, and “does not require that the judgment be originally paid from that fund.”

Applying that rule to this case, it reasoned that “although the funds to satisfy the judgment originally came out of the Construction Insurance Fund, the judgment against the State was ultimately paid out from the Risk Management Revolving Fund.” It also rejected Glazer’s argument that the statute did not apply because the interest due is an insured loss that will be paid by the carrier. It explained that “who will pay for the accrued interest has no effect on what rate that interest will accrue at.”

The court, however, agreed with Glazer’s argument that the superior court erred by holding that the reduced interest rate applied to the entire \$7.8 million judgment. It explained that “[t]he State will ultimately pay only \$7 million of the judgment out of the Risk Management Revolving Fund,” with the insurer “reimburs[ing] the State for the balance of its obligation.” Thus, it reasoned, “[t]he remaining \$800,000 of the judgment will be paid by the State’s insurer and does not qualify for the reduced interest rate.”

It also rejected the State’s argument that the reduced interest rate should apply to the entire judgment because the statute did not make exceptions for amounts covered by excess insurance coverage. It emphasized that the statute’s “limiting language” allows it to be applied only for “any judgment . . . paid for out of the risk management revolving fund.” (Quoting statute.) It reasoned that “[t]he insurance carrier will not pay out of that fund, so the statute does not apply to th[e] amount” paid by the carrier.

#### **ISSUE:**

The State is asking the Arizona Supreme Court to address the following issue:

Under A.R.S. § 41-622(F), a lower interest rate applies to judgments against the State while on appeal if they are paid from the Risk Management Revolving Fund. The only criterion is payment from the Fund; the statute makes no exceptions, including no exceptions for payments that are covered by any excess insurance. Does § 41-622(F)’s lower interest rate therefore apply even though the State may be reimbursed for a portion of the payments?

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