

**The Supreme Court of Virginia  
Allows Stacking of  
Underinsured Motorist Coverage  
Under a Single Policy**  
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In *Virginia Farm Bureau Mut. Ins. Comp. v. Williams*, 278 Va. 75, 677 S.E.2d 299 (2009), the Supreme Court of Virginia recently held that uninsured and underinsured motorist coverage (hereinafter “UM/UIM coverage”) provided by a single policy could be stacked. The court’s decision explored the language of the policy in its entirety, not simply the provisions set forth in the UM/UIM endorsement which failed to define “each person” in terms of coverage available.

In the underlying declaratory judgment action, an injured minor, Virginia Williams, through her parents (hereinafter “the Williams”), filed suit against their insurer, Farm Bureau, asserting that they were entitled to a total of \$850,000.00 in UM/UIM coverage under their automobile insurance policy. The policy provided insurance on the family’s three vehicles, but did not state the limits of liability for “each person” in the UM/UIM endorsement. Instead, the UM/UIM endorsement referred the reader to the declarations page which made three references to “each person.” Two of the references stated a limit for each person in the amount of \$300,000.00, and the third reference stated a limit of \$250,000.00 for each person. The Williams arrived at the amount in controversy by stacking the amounts set forth for each person for their three insured vehicles. Farm Bureau filed an answer and motion for summary judgment asserting that the terms of its policy prohibited intra-policy stacking, and the Williams were only entitled to the highest of the three amounts, \$300,000.00. In response, the Williams filed a motion for summary judgment asserting that they were entitled to the full amount of coverage.

The trial court held a hearing on the parties’ motions for summary judgment, and entered an order granting each motion in part. The trial court ruled that a total of \$550,000.00 in coverage was available. On appeal, Farm Bureau asserted that although Virginia law permits intra-policy stacking of UM/UIM coverage, their policy expressly prohibited it. The Williams asserted that the UM/UIM language in the policy was ambiguous, and therefore, must be interpreted in their favor. In their cross error, the Williams further asserted that the trial court should have stacked the UM/UIM coverage on all three of the vehicles on the policy.

In reaching their opinion, the Supreme Court of Virginia revisited their ruling in *Goodville Mutual Cas. Co. v. Borrer*, 221 Va. 967, 275 S.E.2d 625 (1981). In *Goodville*, the court held that stacking of UM[UIM] coverage was allowed unless the policy contained clear and unambiguous language to the contrary. *Id.* at 221 Va. at 970, 275 S.E.2d at 627. The policy specifically stated that “regardless of the number of . . . motor vehicles to which this insurance applies.” *Id.* 221 Va. at 970-971, 275 S.E.2d at 628. After exploring this language, the court concluded that it unambiguously prohibited stacking. See *Id.*

In *Farm Bureau*, the Supreme Court of Virginia looked at the policy in its entirety. They acknowledged that the policy contained the same phrase as found in the *Goodville* policy, but found a significant difference in the remaining language. The *Farm Bureau* policy did not state the limits of liability for “each person” in the UM/UIM endorsement. Instead, the UM/UIM endorsement referred the reader to the declarations page which made three references to each person. As previously stated, two of the references stated a limit for each person in the amount of \$300,000.00, and the third reference stated a limit of \$250,000.00 for each person.

The Supreme Court of Virginia found that the three different sets of limits coupled with the anti-stacking language of the UM/UIM endorsement created an ambiguity regarding the total coverage for each person under the policy. The court construed the ambiguity in the Williams’ favor, and held that the Williams were entitled to stack the UM/UIM coverage provided for all three vehicles listed on the policy for a total amount of \$850,000.00.

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In light of this recent ruling, companies writing policies within Virginia may need to re-examine the language in their UM/UIM endorsements. The Supreme Court of Virginia has once again stressed the importance of using clear and unambiguous policy language.

If you would like to discuss this opinion further, please feel free to contact **Jayne Pemberton** or any of the other members of the **Sands Anderson Marks & Miller Risk Management team**.

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