

STATE OF MICHIGAN
COURT OF APPEALS

RAYMOND HARTMAN,
Personal Representative of the Estate of
RICHARD HARTMAN, Deceased

February 22, 1993

Plaintiff-Appellant,

v

No. 137411

CENTENNIAL INSURANCE COMPANY,

Defendant-Appellee,

and

UNPUBLISHED

NANCY MARIE CASE and PHILLIP CASE,

Defendants.

Before: Reilly, P.J., and Gribbs and Taylor, JJ.

PER CURIAM.

Plaintiff Raymond Hartman, personal representative of the estate of Richard Hartman, deceased, appeals as of right from a declaratory judgment entered in the Wayne Circuit Court in favor of defendant Centennial Insurance Co. We affirm.

The parties stipulated to the following facts. On May 25, 1986, plaintiff's decedent was killed in a single car automobile accident while he was a passenger in a 1965 Chevrolet driven by defendant Phillip Case and owned by defendant Nancy Case, Phillip's mother. At the time of the accident, Phillip resided with his father and mother. Also at that time, Nancy Case held an automobile insurance policy issued by defendant insurance company. However, the 1965 Chevrolet was not an automobile specifically listed on the declarations page of that policy. Phillip Case was a "covered person" under the liability coverage provision of that policy. At the time of the accident, Phillip Case was issued and held an automobile policy from American Commercial Liability Ins. Co. on the 1965 Chevrolet with liability limits of \$20,000/40,000. Plaintiff filed an automobile negligence action against Phillip and Nancy Case. Trial in that underlying case was postponed pending a declaration of the rights and obligations of the parties herein under the insurance policy issued by defendant Centennial Ins Co to Nancy Case.¹

Our review of the trial court's declaratory judgment is de novo on the record. Englund v State Farm Ins Co, 190 Mich App 120, 121-122; 475 NW2d 369 (1991). In determining whether an insurance policy exclusion applies in a given case, this Court must first determine whether the policy language is clear and unambiguous on its face. Any ambiguity is construed in favor of the insured. If a reading of the entire contract of insurance fairly admits of but one interpretation, it may not be said that an exclusion is ambiguous or fatally unclear. Id.

However, the inquiry regarding coverage does not end with the application of the rules on construction. In Vanguard Ins Co v Clarke, 438 Mich 463, 472; 475 NW2d 48 (1991), our Supreme Court recognized and applied the "rule of reasonable expectation" which comprises "an adjunct to the rules of construction of insurance contracts." Under that rule, the court must examine whether the policy holder, upon reading the contract language, is led to a reasonable expectation of coverage. Having reviewed the contract language, we conclude that from an objective standpoint, the exclusionary language here, as in Vanguard, would rule out any such expectation of coverage.

The Centennial policy issued to Nancy Case provided under "PART A--LIABILITY COVERAGE" in pertinent part:

INSURING AGREEMENT We will pay damages for bodily injury or property damage for which any covered person becomes legally responsible because of an auto accident . . .

"Covered person" as used in this Part means:

1. You or any family member for the ownership, maintenance or use of any auto or trailer.

The policy also provided under "PART A--LIABILITY COVERAGE", on the same page, for exclusions. Subsection "A" under "EXCLUSIONS" related to excluded persons. "Covered persons" were not excluded. However, subsection "B" provided, in pertinent part:

EXCLUSIONS

- B. We do not provide Liability Coverage for the ownership, maintenance of use of:

* * *

2. Any vehicle, other than your covered auto, which is:
 - a. owned by you;

The term "your covered auto" is defined in the definition section of the policy.

"Your covered auto" means:

1. Any vehicle shown in the Declarations.

We find that language to be clear and unambiguous. Although the 1965 Chevrolet was owned by Nancy Case, it was not insured by her under the Centennial policy. No premiums were charged for that vehicle and it was not listed on the declarations page of the Centennial policy. Therefore, it is excluded from coverage under the exclusions provision of the Centennial policy.

We reject plaintiff's arguments that because Phillip Case is a "covered person" under the Centennial policy, and there is no exclusion relating to "covered person" under subsection "A", that there is an ambiguity in the contract with respect to liability coverage, and there is a reasonable expectation on the part of Nancy Case that coverage would be provided under these circumstances. The language establishes that coverage is excluded when the accident involves the use of a vehicle owned by the insured unless the vehicle is described on the declarations page. Englund, supra at 122-123. A policy holder, upon reading both subsections "A" and "B" under the "EXCLUSIONS" section, would have no reasonable expectation of coverage for the accident involving the 1965 Chevrolet.

Affirmed.

/s/ Maureen Pulte Reilly
/s/ Roman S. Gribbs
/s/ Clifford W. Taylor

¹ The record indicates that the parties in the underlying case entered into a consent judgment on December 21, 1990. The consent judgment has no effect on this case.