**STATE OF MINNESOTA**
**IN COURT OF APPEALS**
**A09-1748**

State Auto Property and Casualty Insurance Company,
Appellant,

vs.

Keith Meyer,
Respondent,
Park Rapids Funeral Home, Inc., d/b/a Jones-Pearson Funeral Home,
Respondent,
Timothy Pearson and/or d/b/a ABC Proprietorship,
DEF Partnership, or XYZ Corporation,
Respondent,
Special Compensation Fund of the State of Minnesota,
Respondent.

**Filed June 22, 2010**
**Reversed**
**Stoneburner, Judge**

Hubbard County District Court
File No. 29CV08662

Arlen R. Logren, Brent Kleffman, Peterson, Logren & Kilbury, P.A., St. Paul, Minnesota (for appellant)

Jon Huseby, Fuller, Wallner, Cayko & Pederson, Ltd., Bemidji, Minnesota (for respondent Keith Meyer)

James B. Wallace, Wallace Law Office, Park Rapids, Minnesota (for respondents Park Rapids Funeral Home and Timothy Pearson)

Lori Swanson, Attorney General, Rory H. Foley, Assistant Attorney General, St. Paul, Minnesota (for respondent Special Compensation Fund)

Considered and decided by Stoneburner, Presiding Judge; Toussaint, Chief Judge; and Connolly, Judge.

**U N P U B L I S H E D  O P I N I O N**

**STONEBURNER**, Judge

In this declaratory judgment action, appellant insurer sought a declaration that its policy providing workers' compensation coverage for respondent Timothy Pearson's corporate funeral business does not provide workers' compensation for employees of a ranch owned by Pearson. The district court concluded that because the named insured on the policy is "Timothy Pearson DBA Park Rapids Funeral Home," Pearson is a named insured and the policy provides coverage for employees of the ranch. Because we conclude that Pearson is not a named insured under the policy, we reverse the district court's holding that the policy provides workers' compensation for Pearson's ranch employees.

## FACTS

Respondent Timothy Pearson is the owner, funeral director, and chief executive officer of respondent Park Rapids Funeral Home, Inc., a closely held corporation doing business as Jones-Pearson Funeral Home (the funeral business). Pearson purchased workers' compensation insurance for the funeral business from appellant State Auto Property and Casualty Insurance Company. The named insured on the policy is continued from one page to the following page. The first page states, in relevant part:

> ***ITEM 1.*** NAMED INSURED AND MAILING ADDRESS:
> **TIM PEARSON DBA**
> **608 S PARK AVE**

**PARK RAPIDS, MN 56470**

. . . .

ENTITY OF INSURED
**Close Corporation**

The second page states, in relevant part:

**OTHER NAMED INSUREDS**

**Item 1. Continued**

| **Location No.** | **Name/Mailing Address** . . . |
|---|---|
| 0001 | Park Rapids Funeral Home . . . . |

Pearson is also the sole proprietor of a 530-acre cattle farm/ranch (the ranch) located in Park Rapids. Pearson breeds cattle and raises horses at the ranch. Pearson purchased insurance for the ranch from Northstar Mutual Insurance Company but did not purchase workers' compensation coverage for the ranch.[1]

Respondent Keith Meyer initially began working for Pearson on the ranch, but in 2005, Meyer began to also work at the funeral business, primarily opening and closing

[1] Because the ranch's salaries were low, Pearson determined, with the help of one of his insurance agents, that he did not need to purchase workers' compensation insurance for his two ranch employees. Pearson determined that the ranch was covered under the family farm exception to Minnesota law requiring that employers obtain workers' compensation insurance or become self-insured. *See* Minn. Stat. §§ 176.181, subd. 2(a) ("Every employer . . . liable under this chapter to pay [workers'] compensation shall insure payment of compensation with some insurance carrier authorized to insure workers' compensation liability in this state, or obtain a written order from the commissioner of commerce exempting the employer from insuring liability for compensation and permitting self-insurance of the liability."), .041, subd. 1(2) (stating that Chapter 176 "does not apply to . . . a person employed by a family farm as defined by section 176.011, subdivision 11a"), .011, subd. 11(a) (defining "family farm" based, in relevant part, on the amount of wages the farm operation is obligated to pay to farm laborers for services rendered during the preceding calendar year) (2008).

graves, and setting tombstones. Meyer continued to do some work for Pearson at the ranch, but all of his wages were paid by the funeral business.

The injury that gave rise to this dispute occurred in May 2007. Meyer was at the ranch to load grave-digging equipment, which was stored at the ranch. Meyer was then to take the equipment to a grave site and dig a grave. While at the ranch, one of Pearson's ranch employees asked Meyer to hold a horse with which he was working. The horse reared up and injured Meyer. Meyer filed a workers' compensation claim against the funeral business and State Auto, alleging that his injury arose out of and in the course and scope of his employment with the funeral business. The issue of whether Meyer was injured in the course and scope of his employment in the funeral business will be determined by the workers' compensation court and was not the issue in the declaratory judgment action.

State Auto brought this declaratory judgment action in district court, seeking a declaration that its policy does not provide workers' compensation coverage for Pearson's ranch employees and, therefore, does not cover Meyer's injuries if those injuries are determined to have occurred in the course and scope of his employment in the ranch business. State Auto acknowledges that if the workers' compensation court determines that Meyer was injured in the course and scope of his employment with the funeral business, the policy applies.

After a bench trial, the district court found that both Pearson and the funeral business are named insureds in the State Auto policy and concluded that the policy "provides coverage for Timothy Pearson and Park Rapids Funeral Home, d/b/a/ Jones-

Pearson Funeral Home for claimed workers' compensation benefits for the injury to Keith Meyer that occurred . . . at the ranch property." Judgment was entered accordingly. This appeal followed.

**D E C I S I O N**

State Auto argues that the district court erred in concluding that Pearson, individually, is a named insured under its policy because under the plain language of the policy only the funeral business is the named insured. Therefore, State Auto argues, the district court erred in concluding that the policy covers Meyer's injury if it is determined that the injury arose in the course and scope of his employment by the ranch, rather than the funeral business.

The interpretation of a contract is a question of law if no ambiguity exists. *City of Virginia v. Northland Office Props. Ltd. P'ship*, 465 N.W.2d 424, 427 (Minn. App. 1991), *review denied* (Minn. Apr. 18, 1991). "[W]hen a contract is unambiguous, a court gives effect to the parties' intentions as expressed in the four corners of the instrument, and clear, plain, and unambiguous terms are conclusive of that intent." *Knudsen v. Transp. Leasing/Contract, Inc.*, 672 N.W.2d 221, 223 (Minn. App. 2003), *review denied* (Minn. Feb. 25, 2004). But if the contract is ambiguous, its interpretation is a question of fact, and extrinsic evidence may be considered. *City of Virginia*, 465 N.W.2d at 427.

"Whether a contract is ambiguous is a question of law that we review de novo." *Carlson v. Allstate Ins. Co.*, 749 N.W.2d 41, 45 (Minn. 2008). The determination of whether a contract is ambiguous depends "not upon words or phrases read in isolation, but rather upon the meaning assigned to the words or phrases in accordance with the

apparent purpose of the contract as a whole." *Art Goebel, Inc. v. N. Suburban Agencies, Inc.*, 567 N.W. 2d 511, 515 (Minn. 1997). A contract must be construed to give effect to every word and phrase. *Casey v. Bhd. of Locomotive Firemen & Enginemen*, 197 Minn. 189, 193, 266 N.W. 737, 739 (1936). A contract is ambiguous if its language, when given its plain and ordinary meaning, is reasonably susceptible to more than one interpretation. *Brookfield Trade Ctr., Inc. v. County of Ramsey*, 584 N.W.2d 390, 394 (Minn. 1998).

In this case, the district court did not find the policy ambiguous but read the policy as plainly providing coverage to any employee of Pearson, regardless of whether, at the time of injury, an employee was working for the funeral business or for the ranch business. We disagree.

The policy identifies the named insured in Item 1 as: "TIM PEARSON DBA . . . Park Rapids Funeral Home" and identifies the "ENTITY OF INSURED" as a "Close Corporation." Although the words "Park Rapids Funeral Home" appear on the next page located under the heading "OTHER NAMED INSUREDS," the policy states that the business name is a continuation of Item 1 identifying "the named insured." The plain meaning of the abbreviation "d.b.a." is "[d]oing business as." *American Heritage Dictionary of the English Language* 478 (3d ed. 1992). Read in the context of the purpose of the policy, to provide workers' compensation coverage for a corporation, reading "TIM PEARSON DBA" as the named insured and the corporation as an "other named insured," or reading the phrase to identify two separate named insureds, does not make sense.

We note that if the funeral business was a sole proprietorship, we would agree with the district court that, under case law, the wording of the policy would result in Pearson being a named insured. *See Gen. Cas. Co. of Wis. v. Outdoor Concepts*, 667 N.W.2d 441, 445 (Minn. App. 2003) (holding that a commercial automobile insurance policy that listed the named insured as "Outdoor Concepts Joe Ebertz DBA" provided coverage for Joe Ebertz, the sole proprietor, as an individual as well as for the business). In that case, we noted that a significant majority of authorities and numerous cases from other jurisdictions support the view that when an insurance policy identifies the named insured as a sole proprietorship's trade name, the policy extends coverage to the sole proprietor as well as the business. *Id.* at 444. But, as the supreme court noted in *West Bend Mut. Ins. Co. v. Allstate Ins. Co.*, the conclusion in *Gen. Cas. Co.* that a sole proprietor qualified as a "named insured" even though the business was the actual "named insured" on the policy does not apply to a corporation because a corporation is a separate legal entity from its owners and shareholders. 776 N.W.2d 693, 706 (Minn. 2009). Because Pearson is not a named insured under the policy, we conclude that the district court erred by finding that the policy provides workers' compensation insurance for Pearson's ranch employees.

The parties discuss extrinsic evidence presented to the district court. And the district court's order reflects that it considered this evidence in reaching its conclusion. But because the contract is unambiguous, extrinsic evidence is irrelevant and may not be considered in interpreting the policy. *See Knudsen*, 672 N.W.2d at 223 (stating that "when a contract is unambiguous, a court gives effect to the parties' intentions as

expressed in the four corners of the instrument, and clear, plain, and unambiguous terms are conclusive of that intent").

Even if we were to consider extrinsic evidence in this case, that evidence does not support the district court's holding. Pearson testified at trial that it was his intent, in purchasing the State Auto insurance coverage to obtain workers' compensation coverage for the funeral-business employees. Pearson testified that he purchased liability insurance for the ranch through a different agency and from a different company than those through which he purchased coverage for the funeral business. And Pearson testified that he did not purchase workers' compensation coverage for ranch employees because he was advised that he was not "paying [ranch employees] enough in salaries to be required to carry workers' comp." Pearson testified that he would have purchased workers' compensation insurance for ranch employees had he been advised to do so.

The primary goal of contract interpretation is to ascertain and enforce the intent of the parties. *Motorsports Racing Plus, Inc. v. Arctic Cat Sales, Inc.*, 666 N.W.2d 320, 323 (Minn. 2003). In this case, Pearson's testimony established that he intended the State Auto policy to provide workers' compensation coverage for the exclusive benefit of his funeral business employees.

Much of respondents' briefs focus on the issue of whether or not Meyer was working within the scope of his funeral business employment when he was injured by the horse on Pearson's ranch. But the issue of whether Meyer was acting in the course and scope of his funeral business employment was not at issue in the declaratory judgment action and will be decided in Meyer's case now pending in workers' compensation court.

Because there has not yet been a determination that Meyer's was injured in the course and scope of his employment with the funeral business, there is no basis for the judgment declaring that State Auto's policy provides coverage for workers' compensation benefits for Meyer's injuries.

**Reversed.**