

August 5, 2011

MINNESOTA SUPREME COURT CLARIFIES JURISDICTION OF THE WORKERS' COMPENSATION
COURT OF APPEALS

The Minnesota Supreme Court has recently made clear that the Workers' Compensation Court of Appeals does not have jurisdiction to rule on questions of insurance contract construction arising outside of the Workers' Compensation Act. In Martin vs. Morrison Trucking, Inc., No. A10-0446, 2011 WL 3300358 (Minn. August 3, 2011), the Supreme Court reversed the Minnesota Workers' Compensation Court of Appeals ("WCCA"), holding the WCCA has jurisdiction to decide only questions of law or fact arising under the workers' compensation laws of Minnesota, including whether the policy provides Minnesota workers' compensation insurance. The WCCA does not have jurisdiction to declare an unambiguous exclusion of Minnesota coverage to be invalid and unenforceable on the grounds that the exclusion conflicted with Wisconsin statutes or public policy.

In Martin, Plaintiff Bryan K. Martin ("Martin"), a Minnesota resident and employee of Wisconsin based Morrison Trucking ("Morrison"), injured his ankle in an on-the-job accident in Minnesota. Morrison was unable to find insurance in the voluntary market and therefore applied to the Wisconsin Workers' Compensation Insurance Pool. Travelers Insurance Company, a servicing carrier for the Wisconsin Pool, paid the Wisconsin benefits provided by the policy but denied the claim for Minnesota benefits based on an exclusion for Minnesota benefits. The exclusion was included based on information learned in the underwriting process that Morrison had sufficient activity and operations in Minnesota so as to require separate coverage as set forth in Wisconsin's Pool guidelines.

The WCCA initially reversed the compensation judge and held the exclusion was invalid based on the doctrine of reasonable expectations. The Minnesota Supreme Court reversed and remanded to the WCCA in light of Minnesota precedent that the doctrine does not apply to a plain and unambiguous exclusion. On remand, the WCCA held that while the reasonable expectations doctrine did not apply, the exclusion was void as contrary to Wisconsin public policy.

The Minnesota Supreme Court reversed again, and explained that Minn. Stat. § 175A.01, subd. 5 does not authorize the WCCA to rule on questions of law arising under the workers' compensation statutes of other states, nor does it allow the WCCA to construe Minnesota statutes other than the Minnesota Act. Further, while the compensation judge has jurisdiction to decide certain questions that arise in workers' liability claims, such as the insurance status of the employer in cases that involve the Special Compensation Fund and its obligation to pay benefits to employees of uninsured employers.

Here, the WCCA did not have jurisdiction to reach across the border to determine whether Morrison should have been insured for Minnesota liability based on Wisconsin Act or to declare the exclusion of Minnesota coverage invalid. The decision helped clarify Minnesota law as to

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which coverage matters need to be litigated in the “Article III” courts (constitutionally speaking), as opposed to those “Article I “courts created by statute.