

Bond Case Briefs

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INSURANCE - NORTH CAROLINA

Hunter v. Town of Mocksville, North Carolina

United States Court of Appeals, Fourth Circuit - July 26, 2018 - F.3d - 2018 WL 3579678

Three town police officers brought action against town and town officials, alleging that they were terminated in violation of their free speech rights in violation of federal and North Carolina Constitutions, and that they were terminated against public policy in violation of North Carolina law.

After summary judgment on some First Amendment claims was granted and after jury found for officers on remaining claims, the United States District Court granted in part and denied in part officers' motion to reconsider court's decision to award front pay in lieu of reinstatement, and found that town's liability insurance limited officers' aggregate recovery to \$1 million.

The Court of Appeals held that:

- Meaning of term "interrelated" in town's employment liability insurance policy was ambiguous;
- Town manager was final policymaker of town with respect to officers' terminations;
- Town police chief was not final policymaker of town with respect to officers' terminations;
- District court did not abuse its discretion in awarding front pay in lieu of reinstatement; and
- District court did not abuse its discretion in reducing front pay award.

Under North Carolina law, meaning of term "interrelated" in town's employment liability insurance policy, under which per-claim recovery limit of \$1 million applied to claims based on "same or interrelated employment wrongful acts," was ambiguous, and thus term would be construed in favor of three town police officers to allow them to each recover up to \$1 million from town in their wrongful discharge action; policy did not define "interrelated," and courts and other insurance policies did not define "interrelated" in a uniform matter.