IN THE SUPREME COURT OF THE STATE OF NEVADA

INTERNATIONAL INSURANCE COMPANY OF HANNOVER, SE,
Appellant,
vs.
GOLDEN GATE/S.E.T. RETAIL OF NEVADA, LLC, A NEVADA LIMITED LIABILITY COMPANY,
Respondent.

No. 87265

FILED
MAR 28 2025
ELIZABETH A. BROWN
CLERK OF SUPREME COURT
BY
DEPUTY CLERK

ORDER OF REVERSAL AND REMAND

This is an appeal from a district court judgment upon a jury verdict, post-judgment order denying a motion for a new trial, and post-judgment order awarding attorney fees. Second Judicial District Court, Washoe County; Lynne K. Jones, Chief Judge.

Golden Gate/S.E.T. Retail of Nevada, LLC, built a gas station in 2008, which included an underground gasoline storage tank. Eight years later, the outer fiberglass shell of the tank developed a crack, and the tank had to be replaced. Golden Gate submitted a claim to its insurer, International Insurance Company of Hannover, S.E., to cover the cost of replacement. Hannover denied the claim as excluded from coverage by a portion of its policy providing:

> f. Defects, Errors, and Omissions – "We" do not pay for loss which results from one or more of the following:
>
> > 1) an act, error, or omission (negligent or not) relating to:
> >
> > . . .
> >
> > b) the design, specification, construction, workmanship,

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> installation, or maintenance of property . . . .

Golden Gate sued, seeking compensation for replacing the tank, and Hannover moved for summary judgment arguing the policy excluded coverage for damage to the storage tank. The uncontested evidence showed the tank was either damaged during installation or failed due to a manufacturing defect. The district court denied Hannover's motion for summary judgment, finding Hannover's policy excluded coverage for installation but did not unambiguously exclude coverage for "manufacturing" defects. Hannover lost at trial, and this appeal followed. On appeal, Hannover challenges the district court's denial of summary judgment.

A district court's decision on summary judgment is reviewed de novo. *Wood v. Safeway, Inc.*, 121 Nev. 724, 729, 121 P.3d 1026, 1029 (2005). All evidence must be viewed in the light most favorable to the nonmoving party. *Id.* "Because ambiguities in insurance policies must be interpreted against the insurer, if an insurer wishes to exclude coverage by virtue of an exclusion in its policy, it must (1) write the exclusion in obvious and unambiguous language in the policy, (2) establish that the interpretation excluding covering under the exclusion is the only interpretation of the exclusion that could fairly be made, and (3) establish that the exclusion clearly applies to this particular case." *Powell v. Liberty Mut. Fire Ins. Co.*, 127 Nev. 156, 164, 252 P.3d 668, 674 (2011) (citing *Alamia v. Nationwide Mut. Fire Ins. Co.*, 495 F. Supp. 2d 362, 367 (S.D.N.Y. 2007)).

Hannover contends the only fair interpretation of the policy excluded coverage for losses from manufacturing defects in the storage tank. We agree. We have considered the term "workmanship" in a similar insurance policy coverage exclusion, and expressly held "the term

'workmanship' is not ambiguous, but rather, it is a broad term because it refers to both a process and a finished product." *Fourth St. Place, LLC v. Travelers Indem. Co.*, 127 Nev. 957, 969, 270 P.3d 1235, 1243 (2011). When reading Hannover's policy as a whole, workmanship refers either to the faulty storage tank as a product, the flawed process for building the tank, or both. Under any construction of "workmanship," a manufacturing defect in the storage tank is excluded from coverage.

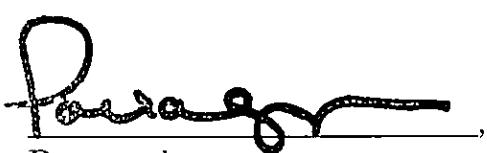
Additionally, reading manufacturing out of the coverage exclusion would deprive other words of their meaning. "A basic rule of contract interpretation is that '[e]very word must be given effect if at all possible.'" *Bielar v. Washoe Health Sys., Inc.*, 129 Nev. 459, 465, 306 P.3d 360, 364 (2013) (alteration in original) (quoting *Musser v. Bank of Am.*, 114 Nev. 945, 949, 964 P.2d 51, 54 (1998)). If the term "workmanship" does not encompass "manufacturing," only errors relating to "design, specification, construction, . . . installation, or maintenance of property" would be excluded from coverage, leaving "workmanship" with no meaning at all.

Golden Gate's other arguments are unpersuasive. Hannover's use of "manufacturing" elsewhere in the policy does not mean Hannover explicitly excluded "manufacturing" from coverage because Hannover used "manufacturing" only as a descriptor of goods made by the policyholder. Golden Gate also contends "latent defects" are covered for "building property" like the storage tank, as they are only expressly excluded from coverage for "business personal property." But the business personal property clause only creates exclusions "[i]n addition" to those for building property and does not add coverage. Finally, coverage is not illusory because the policy would cover damage to the tank from a covered peril, or

a covered peril resulting from a defect with the tank, such as a gas leak, which did not occur here.

In reversing the denial of summary judgment, we necessarily reverse the district court's denial of a new trial and grant of attorney fees. Because Hannover's policy unambiguously excludes coverage for losses from manufacturing or installation, we

ORDER the judgment of the district court REVERSED AND REMAND this matter to the district court for proceedings consistent with this order.



_____, J.
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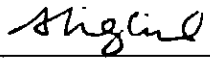

_____, J.
Stiglich

cc: Hon. Lynne K. Jones, Chief Judge
Madelyn Shipman, Settlement Judge
Hicks & Brasier, PLLC
Resnick & Louis, P.C./Las Vegas
Keaster Law Group LLP
Dickinson Wright PLLC
Washoe District Court Clerk