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S.C. SUPREME COURT

THE STATE OF SOUTH CAROLINA
IN THE SUPREME COURT

APPEAL FROM HORRY COUNTY
COURT OF COMMON PLEAS
THE HONORABLE B. ALEX HYMAN
CIRCUIT COURT JUDGE

Appellate Case No. 2024-000705
Civil Action No. 2021-CP-21-26-00808

Opinion No. 6162 (S.C. Ct. App. Filed August 26, 2026)

A. Tebele & Sons, a South Carolina General Partnership, and Crescent Coast Insurance, LLC,

PETITIONERS,

Versus

Certain Underwriters at Lloyd's; HDI Global Specialty SE; General Security Indemnity Company of Arizona; and Crescent Coast Insurance, LLC,

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Certain Underwriters at Lloyd's, HDI Global Specialty SE, and General Security Indemnity Company of Arizona

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COUNTER-STATEMENT OF THE QUESTIONS PRESENTED FOR REVIEW

The questions pertinent to Certain Underwriters at Lloyd's, HDI Global Specialty SE, and General Security Indemnity Company of Arizona (collectively "Insurers") are:

1. Whether the South Carolina Court of Appeals correctly held, as a matter of law, that the subject policy was unambiguous and that fire coverage at 1901 North Kings Highway was conditioned upon an operational sprinkler system because the Schedule of Values and the Application signed by the policyholder, Tebele & Sons, a South Carolina General Partnership (collectively "Tebele"), marked the property "100%" sprinklered, the system was never connected to water or operable, and its completion was within Tebele's own control.

2. Whether the South Carolina Court of Appeals correctly held there is no coverage for Tebele's fire loss, thus precluding reversal of the jury verdict against Crescent Coast Insurance, LLC ("Crescent Coast") for negligence and breach of fiduciary duty.

COUNTER-STATEMENT OF THE CASE AND FACTS

Based on Mr. Tebele's representation in the application for insurance that the subject property was 100% Sprinklered, the Insurers issued a policy requiring an operational sprinkler system. Tebele & Sons, a South Carolina general partnership, oversees the leasing and management of twenty-three commercial properties valued at approximately $22 million. It has operated in the commercial real estate business for approximately twenty-five to thirty years. (R. p. 895, lines 1-4; p. 1011, lines 22-24; p. 1014, lines 21-25; p. 1060, lines 3-8.) Abraham Tebele ("Mr. Tebele") makes insurance decisions for these properties. (R. p. 1015, lines 8-16; p. 1016, lines 1-6.) Through decades of procuring and renewing insurance for his

substantial commercial portfolio, Mr. Tebele became a sophisticated insurance buyer with significant experience in obtaining coverage. (R. p. 653, line 22–p. 654, line 9; p. 739, lines 12-23; p. 925, line 12–p. 926, line 4; p. 1016, line 21–p. 1018, line 15; p. 1059, line 9-p. 1060, line 8.)

In the summer of 2018, with insurance policies covering his twenty-three properties set to expire on January 15, 2019, Mr. Tebele sought competing quotes and met with Crescent Coast to explore potential savings. (R. p. 720, line 1–p. 721, line 2; p. 743, lines 11-14; p. 890, line 17–p. 891, line 4; p. 975, lines 5-13.) Crescent Coast representatives—Mr. Sutherland and Mr. Egan—met with him to gather and verify information about each property, including its sprinkler status. (R. p. 513, lines 3-9; p. 744, line 1–p. 745, line 7.) Mr. Tebele acknowledged that they reviewed the information property by property. (R. p. 1035, lines 2-12.) Both Mr. Egan and Mr. Sutherland testified that Mr. Tebele told them a sprinkler system was being installed at 1901 North Kings and instructed them to mark the property as 100% sprinklered on the Acord application. (R. p. 746, line 11–p. 747, line 1; p. 892, lines 6-18; p. 1065, line 25–p. 1067, line 17; R. pp. 1925-1961: Defendants' Ex. 23, August 20, 2018, Acord Application.) Crescent Coast relied on the information Mr. Tebele provided. (R. p. 737, lines 24-25.)

As part of its efforts to obtain competing quotes, Crescent Coast received an offer from AmWins Special Risk Underwriters ("Amwins SRU"). The quote expressly identified a Protective Safeguards Endorsement requiring an automatic sprinkler system at properties designated as sprinklered on the Acord application. (R. p. 2088: Defendants' Ex. 64, Quote; R. p. 890, line 5–p. 902, line 15.) On January 11, 2019, Mr.

Egan forwarded the quote to Mr. Tebele, who requested until Monday to review it. Mr. Tebele also indicated he was still exploring coverage through his existing agent. (R. p. 897, line 10-p. 898, line 17; p. 902, lines 4-7; p. 982, lines 4-9.)

Mr. Tebele ultimately selected Crescent Coast because it offered a better premium. On January 14, 2019, he signed the Acord application, which was submitted to AmWins SRU. (R. p.750, lines 10-18; p. 904, lines 13-24; p. 982, line 12–p. 984, line 10; p. 1085, line 16-p. 1088, line 7; R. pp. 1925-1961: Defendants' Ex. 23, Acord application.) Both the application and trial testimony confirmed that 1901 North Kings was designated as 100% sprinklered. (R. p. 1945: Defendants' Ex. 23, Accord application; Tr. p. 1009, lines 8-24.) Mr. Tebele acknowledged by signing the application that he had reviewed it and that its information was true and accurate. (R. p. 738, lines 1-3; p. 902, line 17–p. 904, line 8; p. 1035, line 25–p. 1036, line 6.)

The policy was bound on January 14, 2019, incorporating the Protective Safeguards Endorsement. (R. p. 1968: Defendants' Ex. 27, January 15, 2019, email; R. p. 2083: Defendants' Ex. 46, Declination letter; R. p. 780, lines 5-20.) On January 17, Mr. Egan provided Mr. Tebele with the insurance binder, which expressly identified the Protective Safeguards Endorsement requiring an automatic sprinkler system and referenced Form SRU-024 0710, Protective Safeguards–Fire. (R. p. 906, line 2–p. 707, line 17; R. pp. 1962-1970: Defendants' Ex. 25, Binder; R. pp.1971-1972: Defendants' Ex. 28, January 17, 2019, email; R. pp. 1962-1970: Defendants' Ex. 25.)

Tebele subsequently requested several policy corrections, including changes to the Schedule of Values, but never questioned the sprinkler requirement or the corresponding Protective Safeguards Endorsement. (R. p. 214: Crescent Coast

Insurance, LLC's Answers to HDI Global Specialty SE's Second Requests for Admission, Response no. 11 (admitting change requests regarding addresses and additional mortgagees); R. p. 2090: Defendants' Ex.109, Jan. 30, 2019, email (identifying address revisions and an additional property to be insured); R. p. 1973: Defendants' Ex. 29, January 31, 2019, email; R. p. 2089: Defendants' Ex. 103 (endorsement showing inclusion of new property added to Policy by Insureds).)

Tebele's agent, Crescent Coast received the complete policy package, including the Protective Safeguards Endorsement, on February 7, 2019. (R. p. 944, line 24–p. 945, line 4; R. p. 2078: Defendants' Ex. 34.) Crescent Coast delayed forwarding the complete policy because it was awaiting additional endorsements. (R. p. 912, line 25–p. 915, line 2.) Although Tebele did not receive the complete policy until after the fire, the twenty-three properties were insured subject to the policy's terms and conditions. (R. p. 917, line 24–p. 918, line 1.)

The Protective Safeguards Endorsement imposed both an affirmative maintenance obligation and an express exclusion. (R. p. 2053: Defendants' Ex. 31, Policy, AMWINS-000092.) First, it required the Insureds "to maintain the protective devices or services listed" in the Endorsement's "Schedule." *Id.* That Schedule incorporated "the Schedule of Values on file with the Company" to identify properties subject to the Automatic Sprinkler System ("AS") safeguard. *Id.* Critically, the Schedule of Values matched the application Mr. Tebele signed: it designated the same five properties, including the subject property, as 100% sprinklered and identified the remaining properties as 0% sprinklered. (R. pp. 2075-2077: Defendants' Ex. 32; R. p. 1945: Defendants' Ex. 23; R. pp. 2075-2077: Defendants' Ex. 32.) Second, the

Endorsement expressly excluded coverage for "loss or damage caused by or resulting from fire if, prior to the fire, [the Insureds] failed to maintain any protective safeguard listed in the [Endorsement] Schedule . . ., and over which you had control, in complete working order." (R. p. 2053: Defendants' Ex. 31, AMWINS-000092.) Thus, the application, Schedule of Values, binder, and policy all reflected the same requirement: the subject property was represented as 100% sprinklered and was required to have an operational automatic sprinkler system.

The subject property never had a connected, operational sprinkler system, and Tebele never disclosed that fact. Despite representing that the subject property was 100% sprinklered, Tebele never completed its sprinkler system. The trial evidence established not merely that the system was inoperable when the fire occurred, but that it had never been connected to the water supply.

In 2017, Mr. Tebele contracted with Crawford Sprinkler Company ("Crawford") to install the system. (R. p. 461, lines 19-25; p. 467, lines 8-15; p. 468, lines 13-16; p. 472, line 23–p. 473, line 23; p. 1021, line 24–p. 1022, line 3.) Mike Dover of Crawford explained that, after installing the interior piping, the system still required a service line connecting that piping to the city's main water line. (R. p. 461, lines 1-18; p. 464, line 13–p. 465, line 2.) Because Crawford did not perform that work, Mr. Tebele hired a utility contractor. (R. p. 474, line 24–p. 476, line 1; p. 497, lines 18-20.) The contractor installed most of the service line but left another ten to fifteen feet unfinished, including the work necessary to bring the line through the building wall and connect it to the interior piping. (R. p. 476, line 21–p. 477, line 6.)

Mr. Dover further testified that he kept Mr. Tebele informed of the installation's progress and met with him at the property on February 13, 2019, to discuss completing the system. The testimony established that Mr. Tebele knew in August 2018, January 2019, and February 2019 that the sprinkler installation remained incomplete. (R. p. 494, lines 5-8; p. 498, lines 2-16; p. 1023, lines 3-21.) Nevertheless, Mr. Tebele admitted that he never informed Crescent Coast that the system was not connected or operational. (R. p. 749, lines 5-8; p. 893, lines 8-14; p. 926, line 23-p.927, line 10; p. 1023, lines 3-21; p. 1052, lines 10-13; p. 1093, lines 8-11.)

The physical evidence independently confirmed the system's incomplete condition. Deputy Fire Marshal Marinaro inspected the property before the fire and observed that the sprinkler system had not been completed. He confirmed that it remained inoperable when the fire occurred. (R. p. 444, lines 15-20.) The jury also saw photographs introduced through the testimony of the Insureds' public adjuster, Mr. Twaddell, showing that the interior sprinkler piping was not connected to the city's water supply. (R. p. 557, line 7-p. 558, line 12; R. 2080: Defendants' Ex. 35.) The evidence established a clear and undisputed sequence: Mr. Tebele represented that the property was 100% sprinklered; he knew the system remained incomplete and incapable of putting water on a fire; and he never disclosed its actual condition to Crescent Coast or the Insurers.

Following a fire loss at the subject property, the Insurers denied coverage due to fact that the sprinkler system was never connected to the city's water supply. On February 24, 2019, a fire caused significant damage to the subject property. (R. p. 577, lines 11-14 (referencing a proof of loss in the amount of $2.85 million); R. p.

2081: Defendants' Ex. 46 (same).) At the time, the sprinkler system was still not operational and had never been connected to the city's water supply, as Mr. Tebele himself admitted. (R. p. 970, lines 22-24; p. 972, line 2-p. 973, line 14.)

Following notice of the loss, the Insurers investigated and confirmed that the sprinkler system had never been connected to water or made operational. In other words, the property was actually 0% sprinklered—not the 100% sprinklered property represented in the application and reflected in the policy's Schedule of Values. Based on Tebele's failure to comply with the Protective Safeguards Endorsement, the Insurers denied coverage. (R. pp. 2081-2084: Defendants' Ex. 46.) Their declination letter expressly relied on the Endorsement's exclusion:

> **Coverage is excluded for the fire loss if 'prior to the fire, you failed to maintain any protective** safeguard listed in the Schedule above, and over which you had control, in complete working **order**.' **There is no dispute that there was no operational sprinkler system connected to water at the** time of the fire loss. Obviously, if an operational sprinkler system had been connected to water at the time of the fire loss, the fire damage would have been substantially reduced, if not completely prevented.

(R. p. 2083: Defendants' Ex. 46) (emphasis in original).

The Insurers also directly addressed Tebele's contention that Tebele had no obligation to maintain an operational sprinkler system. They explained that the Protective Safeguards-Fire Endorsement became part of the policy when coverage was bound on January 14, 2019, and that the Endorsement's exclusion applied to the safeguards identified through the Schedule of Values. That Schedule, consistent with the electronically signed application, designated the subject property as 100% sprinklered and therefore required an automatic sprinkler system. (R. p. 2083: Defendants' Ex. 46).

Finally, the Insurers rejected the Insureds' argument that the absence of the symbol "AS" on the Insurers' Schedule of Values eliminated the sprinkler requirement. The Insurers explained that:

> [t]he symbol 'AS' is a legend for the types of protective safeguards subject to the Fire Endorsement, explained therein, all of which are cross-referenced with the Schedule of Values on file with the Insurers, as applicable. The Schedule of Values required the Loss Location to be 100% sprinklered. This was not the case.

Id.

Relevant procedural history.

On February 3, 2020, Tebele sued the Insurers, alleging breach of contract and bad faith, and sued its insurance agent, Crescent Coast, alternatively alleging negligence and breach of fiduciary duty. (R. pp. 15–28.) Insurers and Crescent Coast denied the allegations. (R. pp. 29–54; R. pp. 55–80; R. pp. 81–106; R. pp. 107–113.) The parties filed cross-motions for summary judgment, which the circuit court denied. (R. pp. 114–140; R. pp. 141–144; R. pp. 183–208; R. pp. 220–228.)

Following a jury trial from December 4 through December 13, 2023, the jury found for the Insurers on Tebele's breach-of-contract and bad-faith claims. (R. pp. 9–10; R. p. 1454, line 23–p. 1455, line 12.) On the claims against Crescent Coast, the jury found that Crescent Coast was negligent and that its negligence proximately caused damages, but attributed 60% of the negligence to Tebele, precluding recovery on the negligence claim. (R. pp. 11–12; R. p. 1455, lines 13–25.) The jury also found for Tebele on its breach-of-fiduciary-duty claim and awarded $15,000 in damages. (R. p. 13; R. p. 1455, line 25–p. 1456, line 4.) At the close of evidence, Tebele moved for a directed verdict solely on the ground that the insurance policy was ambiguous. (R. p.

1360, line 8–p. 1361, line 3.) The trial court denied the motion and instructed the jury that the policy was unambiguous and that its plain language governed.

On December 21, 2023, Tebele moved for post-verdict relief, amending its motions on December 27, 2023. (R. pp. 250–274; R. pp. 275–299.) It argued that the trial court erred in failing to find the Protective Safeguards Endorsement–Fire ambiguous and requested judgment notwithstanding the verdict ("JNOV") on that basis. Alternatively, it sought a new trial based on the court's failure to instruct the jury on the law governing ambiguity in insurance contracts. (R. p. 299.) Tebele also sought a new trial absolute or new trial *nisi additur* concerning the damages awarded against Crescent Coast. Insurers opposed the motions on January 10, 2024. (R. pp. 300–315.) On April 8, 2024, the trial court denied Tebele's post-trial motions. (R. pp. 1–6.)

Tebele appealed. Crescent Coast filed a cross-appeal, challenging the jury's finding that it breached its fiduciary duty to Tebele. On August 26, 2026, the South Carolina Court of Appeals issued Opinion No. 6162, affirming the trial court's rulings. *A. Tebele & Sons v. Certain Underwriters at Lloyd's*, No. 2024-000705, 2026 WL 2507696 (S.C. Ct. App. Aug. 26, 2026), *reh'g denied* (Sept. 16, 2026). First, the Court of Appeals rejected Tebele's contention that the Protective Safeguards Endorsement was ambiguous. *Id.* at *3-5. The court held that the absence of the "AS" symbol from the Schedule of Values did not render the endorsement ambiguous because the schedule identified five properties, including the subject property, as "100% sprinklered." *Id.* at *4. The court concluded that the only reasonable interpretation of the policy was that those properties were required to maintain sprinkler systems as a condition of fire coverage. *Id.* The court also rejected the argument that the undefined term "maintain" created an

ambiguity, distinguishing authority involving an installed but inoperable sprinkler system because the sprinkler system at the subject property had never been operational and its installation remained within the insured property owner's control. *Id.* Finally, the court rejected the argument that the policy's coverage for "additions under construction" encompassed the sprinkler system in a manner that would afford coverage for the building's destruction. *Id.* at *5.

Second, the Court of Appeals held that Tebele failed to preserve its argument that the Insurers could not enforce the Protective Safeguards Endorsement because the policy had not been delivered before the fire. *Id.* Although Tebele had raised the failure-of-delivery argument in its summary-judgment motion, its directed-verdict motion was expressly limited to policy ambiguity. *Id.* Applying Rule 50(a), SCRCP, which requires a directed-verdict motion to state its specific grounds, the court held that the failure-of-delivery argument was not preserved as a basis for challenging the denial of a directed verdict or JNOV. *Id.*

Third, the Court of Appeals affirmed the denial of Tebele's motions for a new trial absolute and new trial *nisi additur*. *Id.* At *5-6. The court also held that Tebele's reliance on South Carolina's Valued Policy Statute, section 38-75-20, was unpreserved because it was raised for the first time on appeal. *Id.* at *5. Finally, the Court of Appeals rejected Crescent Coast's cross-appeal challenging the denial of its directed-verdict motion on the fiduciary-duty claim. *Id.* at *6.

ARGUMENT

I. The Court of Appeals correctly held, as a matter of law, that the policy was unambiguous and that fire coverage at 1901 North Kings Highway was conditioned upon an operational sprinkler system; Tebele cannot meet the Rule 242 standard for this Court's exercise of discretionary jurisdiction.

A. Tebele cannot satisfy Rule 242(b).

Certiorari is granted "only where special reasons justify the exercise of that discretion," and Rule 242(b) SCACR identifies those reasons as novel questions of law, a dissent below, a conflict with a prior decision of this Court, or substantial constitutional issues. *S.C. Dep't of Soc. Servs. v. Benjamin*, 430 S.C. 235, 236, 844 S.E.2d 373 (2020). Tebele can show none of these. There was no dissent: the panel was unanimous, and rehearing was denied because the court did not overlook or disregard any material fact or principle of law. There is no conflict with this Court's precedent; the Court of Appeals applied the very rules Tebele itself invokes, and Tebele identifies no decision of this Court that the opinion contradicts. No constitutional question is presented.

That leaves Tebele's assertion that the case "revolves around novel questions of property insurance law which may impact nearly every fire insurance policy issued in South Carolina." (Pet. at 4.) It does not. Whether one Schedule of Values, one Endorsement, and one Covered Property definition are ambiguous is a question about that specific policy's words, read against a record in which Mr. Tebele himself directed that the property be marked "100%" sprinklered and then never connected the system to water. Tebele's only authorities for the claimed ambiguities are a Michigan federal district court decision and an unpublished Fourth Circuit decision applying Virginia law. The absence of any South Carolina authority supporting Tebele's position reflects the

strength of the settled rules, not a gap in them. Error correction in a fact-bound, unanimous decision is not a special and important reason for review, and, as shown below, there is no error to correct.

The Court of Appeals applied black-letter rules. An insurance policy is a contract construed under the law of contracts, and its words must be given their "plain, ordinary[,] and popular meaning." *Canal Ins. Co. v. Nat'l House Movers, LLC*, 414 S.C. 255, 260, 777 S.E.2d 418, 421 (Ct. App. 2015); *Auto Owners Ins. Co. v. Rollison*, 378 S.C. 600, 606-07, 663 S.E.2d 484, 487 (2008). A contract is ambiguous only when it is "capable of more than one meaning when viewed objectively by a reasonably intelligent person who has examined the context of the entire integrated agreement and who is cognizant of the customs, practices, usages[,] and terminology as generally understood in the particular trade or business." *Canal*, 414 S.C. at 260-61. Whether the language is ambiguous "is a question of law for the court." *Id.* at 260. And a contract "is read as a whole document so that one may not create an ambiguity by pointing out a single sentence or clause." *Id.* at 261. The favor-coverage canon applies only where a policy is genuinely "capable of two or more reasonable interpretations, at least one of which favors coverage"; courts must "enforce, not write, contracts of insurance," and must not "extend or defeat coverage that was never intended by the parties." *State Farm Mut. Auto. Ins. Co. v. Windham*, 438 S.C. 156, 161, 164-65, 882 S.E.2d 754, 756-57, 758 (2022).

The objective standard is especially unforgiving to Tebele. The reasonable person through whose eyes ambiguity is measured is one "cognizant of the customs, practices, usages[,] and terminology" of the trade. *Canal*, 414 S.C. at 260-61. Mr.

Tebele is that person: he has insured more than twenty properties for a quarter-century, renews multi-million-dollar coverage annually, and shopped this very placement for a cheaper premium. (R.751; R.1014–16.) A sophisticated repeat buyer who directed that five of its properties be marked sprinklered cannot credibly claim surprise that the carriers required those sprinklers to work. These are the questions of a settled standard applied to particular facts, not the "special and important reasons" Rule 242(b) demands.

B. The Court of Appeals correctly found that the absence of the "AS" symbol from the Schedule of Values did not render the policy ambiguous.

Tebele's lead argument is that because the "AS" symbol does not literally appear on the Schedule of Values, no property is subject to the sprinkler condition. (Tebele's Pet. at 10-13.) The Court of Appeals rejected that argument by reading the two documents together, as South Carolina law requires. The Endorsement conditions fire coverage on maintaining sprinkler systems at the properties "indicated on the Schedule of Values," and the Schedule of Values marks five properties, including 1901 North Kings, as "100%" sprinklered. (R.1658; R.1738.)

The Endorsement's schedule lists the "AS," "AA," and "OTHER" safeguards and, opposite each, identifies the locations to which it applies as those "indicated on the Schedule of Values on file with the Company." (R.1658.) As the Court of Appeals correctly explained, "[t]he Endorsement indicates the maintenance of sprinkler systems is a condition of fire coverage for those properties indicated on the Schedule of Values," and the Schedule of Values marks five properties, including 1901 North Kings Highway, as "100% sprinklered." *A. Tebele & Sons*, 2026 WL 2507696, at *4. The court then made

the decisive textual point: "[t]he Endorsement does not state that AS/sprinkler system must be maintained on properties as indicated 'by the symbol AS' on the schedule of values." *Id.* It therefore held that "[t]he only reasonable interpretation of the policy is that the properties denoted as 100% sprinklered are the ones required to maintain a sprinkler system." *Id.*

That holding is a straightforward application of this Court's settled rules. Ambiguity is measured objectively, by "a reasonably intelligent person who has examined the context of the entire integrated agreement," and a contract "is read as a whole document so that one may not create an ambiguity by pointing out a single sentence or clause." Canal, 381 S.C.at 260-61. Tebele's argument does exactly what that rule forbids. It isolates the word "symbols" in the Endorsement and ignores the Endorsement's express instruction to look to the Schedule of Values, which identifies the sprinklered locations property by property. Read as a whole, the documents are consistent: the Endorsement imposes the sprinkler condition, and the Schedule of Values identifies where it applies. The favor-coverage canon does not change the result, because it applies only when a policy is "capable of two or more reasonable interpretations," and a court must not "extend or defeat coverage that was never intended by the parties." *Windham*, 438 S.C. at 161, 164-65.

The Insurers' reading is also the only one that gives the Endorsement any effect. Under Tebele's reading, no property in a twenty-three-property portfolio is subject to the sprinkler condition, and the Endorsement is rendered meaningless. The Insurers' reading, by contrast, gives effect to the Endorsement, the Schedule of Values, and the application Mr. Tebele signed, which all identify the same five properties as 100%

sprinklered and the remaining properties as 0% sprinklered. (R.2075–77.) The Endorsement made maintenance of the listed safeguard "a condition of this insurance," and a condition precedent "must either occur or it must be excused before a party's duty to perform arises." *McGill v. Moore*, 381 S.C. 179, 186, 672 S.E.2d 571, 575-76 (2009).

The record confirms that the reading the Court of Appeals adopted was the reading the insured itself understood. The "100%" sprinklered designation came from Mr. Tebele, who told Crescent Coast the system would be fully functioning before renewal and instructed the agency to mark the property sprinklered. He then signed the application verifying that its contents were true and accurate. Mr. Tebele is a sophisticated buyer of commercial coverage who knew how to change a policy after binding and did so for other properties, yet he never told Crescent Coast that the system at 1901 North Kings was incomplete. Mr. Tebele, who supplied the "100%" sprinklered designation cannot credibly claim he was unaware that the designation mattered.

Tebele's remaining points do not create an inconsistency. That the "AA" and "OTHER" rows of the Endorsement's schedule may not correspond to separate entries on the Schedule of Values does not make ambiguous the sprinkler condition that the Schedule of Values does track, property by property; ambiguity is determined from the entire contract, not isolated portions. (Tebele's Pet. at 14); *Canal*, 414 S.C. at 261. Whether a contract is ambiguous "is a question of law for the court," decided on the policy's own words. *Id.* at 260.

C. The Court of Appeals correctly distinguished *Westfield*.[1]

Tebele's principal authority, *Westfield*, is a federal district court decision applying Michigan law and binds no South Carolina court. (Tebele's Pet. at 16.) The Court of Appeals identified three independent reasons why it does not support Tebele, and each is correct.

First, the facts were different. As the Court of Appeals noted, the *Westfield* policy "was a renewal policy for one property, and the insurer had actual knowledge the property was not sprinklered." *A. Tebele & Sons*, 2026 WL 2507696, at *4. In *Westfield*, an inspector reported to the insurer in 2011 that no automatic sprinkler system was in place, yet the insurer renewed the policy with the sprinkler requirement and a reduced premium. 34 F.Supp.3d at 740. The insurer's representatives also testified that fire coverage would have issued without the sprinkler condition had the file been corrected. Nothing comparable exists here. The November 2018 inspection performed for the tenant's space reported that the building had a sprinkler system, and the sprinkler designation on the Schedule of Values matched the application Mr. Tebele signed.

Second, the policy structure was different. In *Westfield*, "the declaration page listed the protective safeguards endorsement by a number, not as 'protective safeguards endorsement' and listed it under the heading 'optional coverage.' " *A. Tebele & Sons*, 2026 WL 2507696, at *4 (citing *Westfield*, 34 F.Supp.3d at 744). The district court found the exclusion ambiguous because the sprinkler code was not listed on the endorsement's own schedule, appeared in the declarations only as an optional coverage, and was never presented as a condition of fire coverage. *Westfield*, 34

[1] *Westfield Ins. Co. v. Enter. 522, LLC*, 34 F. Supp. 3d 737 (E.D. Mich. 2014).

F.Supp.3d at 744. Tebele's policy is the opposite. Its declarations page lists "SRU-024 071 0 - Protective Safeguards - Fire Endorsement" by name "under the heading 'Forms Applicable to Common Forms' " and states that all attached forms are incorporated; the Endorsement is attached multiple pages later, but it is attached. (R.1581; R.1658.) The Endorsement expressly states that maintaining the listed safeguards is "a condition of this insurance" and directs the reader to the Schedule of Values to identify the locations. Thus, the *Westfield* endorsement directed the insured to maintain safeguards listed in the schedule above but listed none. The Endorsement at issue here both lists the AS safeguard and identifies where it applies.

Third, Tebele's argument is not the *Westfield* argument. The Court of Appeals correctly noted that "Tebele does not argue that the Endorsement is not applicable because the condition was undefined or impossible to find; rather, it argues the requirement was not applicable to 1901 North Kings Highway because the AS symbol appears nowhere on the Schedule of Values." *A. Tebele & Sons*, 2026 WL 2507696, at *4. *Westfield* addressed a condition the insured could not locate in its policy. Tebele's complaint is only about the form of the cross-reference between two documents that, read together, plainly identify the property as subject to the sprinkler condition.

These distinctions show that the Court of Appeals did not create a new rule of property insurance law or depart from any decision of this Court. It applied settled South Carolina principles to the particular words of this policy, and it explained why a single out-of-state trial court decision on materially different facts and policy language does not apply. That fact-bound application presents no special and important reason for review under Rule 242(b). *Benjamin*, 430 S.C. at 236.

D. The Court of Appeals correctly held that the undefined terms "maintain" and "control" did not render the policy ambiguous.

Tebele argues that the absence of definitions for "maintain" and "control" renders the Protective Safeguards Endorsement ambiguous. (Tebele's Pet. at 15-18.) This argument fails because the mere absence of a definition does not create an ambiguity where the policy language, read as a whole and applied to the undisputed facts, has only one reasonable interpretation. As the Court of Appeals correctly recognized, the Endorsement unambiguously required Tebele to maintain a functioning sprinkler system, and the insured's failure to complete the system's installation was within its control. *A. Tebele & Sons,* 2026 WL 2507696, at *4. The only reasonable interpretation of the policy is that the properties denoted as 100% sprinklered are the ones required to maintain a sprinkler system.

Tebele relies on *Breton, LLC v. Graphic Arts Mutual Insurance Co.*, 446 F. App'x 598 (4th Cir. 2011), in which the Fourth Circuit found ambiguity in a protective safeguards endorsement requiring the insured to "maintain" a sprinkler system within its "control." (Tebele's Pet. at 16-17.) But *Breton* involved an installed and connected sprinkler system rendered inoperable by a closed valve. *Breton*, 446 F. App'x at 600–03. The court reasoned that "maintain" could mean either keeping the system in place or ensuring its continued operation. *Id.* at 603. The critical distinction is that Tebele never completed the installation of an operational sprinkler system in the first place. The Endorsement expressly defines an "Automatic Sprinkler System" to include "connected" sprinklers and discharge nozzles and requires the insured to maintain that system "in complete working order." (R. p. 2053: Defendants' Ex. 31, AMWINS-000092.) Although Tebele installed sprinkler heads and piping, it never completed the connection to the

water supply. Thus, regardless of whether "maintain" means keeping a system in place, preserving its operation, or performing necessary repairs, Tebele failed to satisfy the Endorsement's requirement of a functioning sprinkler system.

Nor does the undefined term "control" create an ambiguity. Tebele relies on its contract with Crawford, which prohibited anyone other than Crawford from placing the system in service or testing it. (R. p. 1683: Plaintiff's Ex. 4.) But that contractual restriction on performing installation and testing work did not divest Tebele of control over whether the system was completed and made operational. As the Court of Appeals correctly observed, unlike *Breton*, where the inoperability of an existing sprinkler system implicated the landlord-tenant relationship, the failure here concerned the installation of a system that was never operational—a process within the property owner's control. *A. Tebele & Sons,* 2026 WL 2507696, at *4.

The Court of Appeals therefore correctly distinguished *Breton* and rejected Tebele's attempt to manufacture an ambiguity from the absence of express definitions. Neither "maintain" nor "control" was reasonably susceptible to an alternative interpretation that would afford coverage under these facts. Because the policy required an operational sprinkler system and Tebele never completed its installation, the Court of Appeals correctly affirmed the trial court's determination that the Endorsement was unambiguous. *Id.* at *4-*5.

E. The Court of Appeals correctly held that coverage for "Additions Under Construction" does not conflict with the Protective Safeguards Endorsement.

Tebele contends that the Protective Safeguards Endorsement conflicts with the policy's coverage for "additions under construction" because the sprinkler system was

being installed when the fire occurred. (Tebele's Pet. at 21.) The Court of Appeals correctly rejected this argument on two independent grounds: the installation of a sprinkler system in an existing building is not an "addition under construction," and even if it were, coverage for the sprinkler system would not extend to the destruction of the building itself. *A. Tebele & Sons,* 2026 WL 2507696, at *5.

Neither conclusion conflicts with South Carolina law or warrants certiorari review. First, the Court of Appeals correctly applied the ordinary meaning of "additions under construction." An "addition" ordinarily means an enlargement of existing property, not the installation of a component within an existing structure. *Id.* The policy's reference to "additions under construction, alterations and repairs to the building or structure" confirms that these are distinct categories of work. Installing sprinkler heads and piping does not enlarge a building. Accordingly, the Court of Appeals correctly held that the phrase "additions under construction" is not reasonably susceptible to multiple interpretations. *Id.* This conclusion follows the settled principle that insurance policy terms must be given their "plain, ordinary[,] and popular meaning." *Canal*, 414 S.C. at 260.

Second, even accepting Tebele's interpretation, the provision would not afford coverage for the claimed loss. As the Court of Appeals explained, even if the sprinkler system qualified as an "addition," the provision would cover only the sprinkler system, "not the building in which it was housed." *A. Tebele & Sons,* 2026 WL 2507696, at *5. Tebele sought recovery for the building's destruction, not merely damage to the unfinished sprinkler system. Thus, its proposed interpretation would not establish coverage for the claimed loss. The Court of Appeals correctly recognized that courts are

not required to adopt an interpretation that would not afford coverage even if accepted. *Id.*; *see also Windham*, 438 S.C. at 164–65 (requiring construction in favor of coverage only when the policy reasonably supports competing interpretations, at least one of which favors coverage).

Third, the provisions are not inconsistent because they address different aspects of coverage. Tebele conflates the definition of "Covered Property" with the conditions governing recovery for a particular loss. The policy insures "direct physical loss of or damage to Covered Property . . . caused by or resulting from" a covered cause of loss. The Protective Safeguards Endorsement separately requires maintenance of the sprinkler system "as a condition of this insurance" and excludes fire losses when that safeguard is not maintained in complete working order. (R. p. 2053: Defendants' Ex. 31, AMWINS-000092.) These provisions operate together: property may qualify as Covered Property without every loss to such property being covered. The sprinkler condition does not contradict the Covered-Property definition; it limits coverage when the required safeguard is absent. *See McGill v. Moore*, 381 S.C. 179, 187–88, 672 S.E.2d 571, 575–76 (2009) (explaining that a condition precedent must occur or be excused before the corresponding duty arises).

Indeed, this Court rejected substantially the same premise in *Owners Insurance Co. v. Clayton*, 364 S.C. 555, 558, 614 S.E.2d 611, 613 (2005), recognizing that exclusions necessarily operate upon otherwise covered risks. The existence of an exclusion limiting coverage otherwise afforded by a policy does not, by itself, create an inconsistency. Here, the policy insured Tebele's commercial properties while conditioning fire coverage at designated sprinklered locations on maintaining

operational sprinkler systems. The subject property was expressly identified as "100% sprinklered," yet its system had never been connected to the water supply. Giving effect to both provisions is consistent with the requirement that insurance policies be construed as a whole. *Canal*, 414 S.C. at 260–61.

Fourth, Tebele's authorities are readily distinguishable. In *Isle of Palms Pest Control Co. v. Monticello Insurance Co.*, 319 S.C. 12, 19, 459 S.E.2d 318, 321 (Ct. App. 1994), the exclusion would have effectively eliminated coverage for the very exterminating services the policy was purchased to insure, rendering the coverage virtually meaningless. Nothing comparable occurred here. The sprinkler condition applied to fire losses at five properties identified as fully sprinklered; it did not eliminate coverage for Tebele's commercial property portfolio. Unlike the exclusion in *Isle of Palm*s, the Endorsement here did not swallow the coverage afforded by the policy.

Nor does *Brooklyn Bridge, Inc. v. South Carolina Insurance Co.*, 309 S.C. 141, 143–44, 420 S.E.2d 511, 512–13 (Ct. App. 1992), support Tebele's position. That case concerned ambiguity within the wording of a power-failure exclusion, which the court concluded could have been clarified by adding four words. Here, by contrast, the Court of Appeals found no competing reasonable interpretations of "additions under construction" and no conflict between the Covered-Property provision and the sprinkler condition. *A. Tebele & Sons,* 2026 WL 2507696, at *5.

Tebele's reliance on Professor Finkel's testimony that the Covered-Property definition should be broadly construed to include the sprinkler system fares no better. (Tebele's Pet. at 22.) Whether a policy is ambiguous is a question of law for the court, not an expert. *Canal*, 414 S.C. at 260. Moreover, even if the sprinkler system qualified

as Covered Property, that would not establish coverage for the destruction of the building or negate the Endorsement's express requirements.

Finally, this issue presents no special or important reason for certiorari review. The Court of Appeals applied established principles of contract interpretation to the particular language and facts before it. Its decision neither conflicts with this Court's precedent nor announces a novel rule of law. Rather, it gives effect to the policy as written, consistent with *Clayton*, *Canal*, and *Windham*. Tebele identifies no conflicting authority or unsettled question of law. Its disagreement with the Court of Appeals' application of settled law presents no basis for certiorari under Rule 242(b), SCACR. *Benjamin*, 430 S.C. at 236. The Court of Appeals correctly held that coverage for "additions under construction" neither encompasses the installation of a sprinkler system in an existing building nor overrides the express condition requiring that system to be maintained in complete working order. Its decision warrants no further review.

II. The Court of Appeals correctly held there is no coverage for Tebele's fire loss, which precludes reversal of the jury verdict against Crescent Coast for negligence and breach of fiduciary duty; Crescent Coast cannot meet the Rule 242 standard for this Court's exercise of discretionary jurisdiction.

Crescent Coast's Issue II is expressly contingent: it asks that, "if this Court determines . . . that insurance coverage exists for the fire loss claim," the verdicts against Crescent Coast be reversed. (Crescent Coast's Pet. at 3, 36.) A contingent question presents no independent ground for review. It identifies no novel question of law, no dissent, no conflict with a decision of this Court, and no constitutional issue; it depends entirely on Tebele's coverage question, which itself fails Rule 242(b) for the reasons stated in Issue I *supra*. *Benjamin*, 430 S.C. at 236. The Court of Appeals did

not reach the contingency because it held there was no coverage, so there is no ruling on this question for this Court to review. *A. Tebele & Sons*, 2026 WL 2507696, at *6.

The Court of Appeals' no-coverage holding rests on the same sound analysis set out in Issue I *supra*: the policy is unambiguous, the Schedule of Values marked 1901 North Kings "100%" sprinklered, and the sprinkler system was never connected to water or operational when the fire occurred. The jury, properly instructed, returned a verdict for the Insurers on both breach of contract and bad faith. Because the coverage ruling is correct, the condition on which Crescent Coast's second question depends never occurs, and the verdicts against Crescent Coast stand on the record the jury considered. The Insurers do not take a position on the relief Crescent Coast seeks in Issue I, which is a matter between Tebele and its agent that does not affect the verdict for the Insurers.

CONCLUSION

Because neither Tebele nor Crescent Coast have identified any grounds that would warrant this Court's review under Rule 242(b) SCACR, the Insurers respectfully request that both petitions be denied.

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