

Insurance Coverage – Business Dispute

SERVICES

Business Litigation
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August 24, 2018

Attorneys Timothy R. Scannell, Jeffrey E. Dolan, and Ashley A. Noel successfully handled an insurance coverage dispute, resulting in summary judgment in favor of a commercial general liability insurer after a declaratory judgment action was filed in Hartford Superior Court.

Attorneys Scannell and Noel successfully argued that an exclusion in the CGL policy excluded coverage for the allegations in the underlying lawsuit, and therefore the insurer did not have a duty to defend its insured.

In the underlying lawsuit, the complaint alleged that the insured, a global business process outsourcing company, led an “invidious plan to unfairly compete” with a competitor company by misappropriating confidential information and trade secrets and making disparaging comments about a competitor company. The insurer disclaimed coverage for the claims made in the underlying lawsuit, contending that the allegations in the complaint were excluded from coverage under numerous exclusions in the policy. Following settlement of the underlying suit, another insurer, which also issued a policy to our client’s insured and provided it with a defense in the underlying lawsuit, brought a declaratory judgment action against our client, seeking a declaration that our client had a duty to defend and indemnify the insured in the underlying action based on a count alleging business disparagement. The plaintiff insurer also sought equitable contribution and subrogation.

In ruling on the parties’ cross-motions for summary judgment, the Court agreed with Attorneys Scannell and Noel that an exclusion for “[a]ny act committed by the insured with malice” precluded coverage for the claims made in the underlying complaint. In particular, Attorneys Scannell and Noel successfully argued that the placement of the exclusion under a heading relating to certain intellectual property offenses did not render the exclusion ambiguous. As the underlying complaint alleged that the insured was motivated by “actual malice,” the Court granted summary judgment in favor of the insurer, ruling that the insurer did not have a duty to defend the insured in the underlying lawsuit.