Continental Ins. Co. et al v. Honeywell International, Inc

Year: 2017
Court: New Jersey Supreme Court
Case Number: A-1071-13T1, A-1100-13Tl

Under the seminal case of Owens-Illinois v. United Ins. Co., the New Jersey Supreme Court held that under the Keane rule, a policyholder's entire liability can be allocated to a single triggered policy. The policyholder can only assume the portion of the risk for which insurance is available, but instead choose to forego purchasing it and self-insure. But when insurance is not available for the risk of the policyholder's business, here silica and asbestos liabilities, allocation to the policyholder is inappropriate. UP urged the Court to reject the insurers' interpretation that such a rule should be turned on its head to mean that a policyholder assumes the risk of continuing its business operations despite the unavailability of insurance to cover the risks involved. Absent a compelling justification, the doctrine of stare decisis – the principle that a court is bound to follow (not reinterpret or reverse) settled precedent – should prevail. The doctrine "promotes [the important public policy' goals of evenhanded, predictable, consistent development of legal principles, fosters reliance on judicial decisions, and contributes to the actual and perceived integrity of the of the judicial system." In this specific context, stare decisis had led to the settlement of complex coverage cases outside of litigation and the remediation of environmental harms.

UP's brief was authored pro bono by Carl A. Salisbury, Esq. of Bramnick, Rodriguez, Grabas, Arnold, and Mangan

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