Mut. Benefit Ins. Co. v. Politopoulos et al.

Year: 2014
Court: Pennsylvania Supreme Court
Case Number: 60 MAP 2014

Under a correct reading of an Umbrella Policy, an Employer's Liability exclusion only applies where an insured is sued by its own employee (e.g., damages for bodily injury in a suit brought by a co-insured). Pennsylvania law supports this interpretation. An Umbrella policy's provisions are to be read as whole, giving effect to all provisions, and exclusions are construed narrowly but reasonably. UP argued that Pennsylvania law and sound public policy do not allow such a narrow reading of the Employer's Liability exclusion as to apply to "any insured" (the position advanced by the insurance industry in this case). UPdate May 27, 2015: The Pennsylvania Supreme Court issued a favorable policyholder decision today, holding: "The employer's liability exclusion in the umbrella policy is ambiguous. Application of governing principles of insurance policy construction yields the understanding that the ambiguous exclusionary language pertains only to claims asserted by employees of "the insured" against whom the claim is directed, which understanding gains further support by reference to the policy's separation-of-insureds provision."In reaching its decision, the Court relied on arguments from UP's brief (see Opinion at pp. 8-9) ("Supplementing Appellees' arguments, their amici (including United Policyholders) offer sharper focus. Initially, a group of insurance policyholders elaborate on the common pleas court's perspective concerning the use of the definite article "the" — as opposed to an indefinite form such as "an" or "any" — in connection with the word "insured." In this regard, the Policyholder Amici stress that, in various provisos, the policy at issue employs each of these phrases to achieve distinct aims and effects. For example, these amici observe the term "the insured" is utilized in one proviso to articulate the insurer's indemnity obligations and rights respecting bodily injury and property damage. Self-evidently, the Policyholder Amici assert, "the insured" in this passage refers to the particular insured against whom a claim has been asserted. The Policyholder Amici contrast instances in which the policy employs the terms "an" or "any" insured, which they believe reflects the intent to capture the broader range of insureds, for example, in the policy's pollution exclusion provisions).

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