

## [Stein v. AXIS Insurance Company](#)

Year: 2017

Court: California Court of Appeal, Second District, Division One

Case Number: B265069

In this letter requesting publication, UP urged publication because the decision addresses an issue of great importance to the insurance community, on which there is no published appellate decision, and no citable California decision: for purposes of standard form exclusions in director and officer (“D&O”) liability insurance policies that bar coverage for fraudulent or criminal acts only if a “final adjudication” of the insured’s misconduct has taken place, what is a “final adjudication”? In the decision, the Court carefully construed the “final adjudication” exclusion in the D&O policy at issue and, reading the exclusion in accordance with California’s established rules of insurance policy interpretation, concluded that a final adjudication does not take place until the conclusion of all proceedings in the underlying litigation, including appeals. As a result, the Court held, the insurer’s obligation to fund the insured’s defense continued through the appellate process. UPdate 4/6/17: The Court agreed to publish the opinion. See attached.

UP's letter was authored pro bono by David B. Goodwin, Esq. of Covington and Burling LLP