

U.S. Bank v. Indian Harbor ACE Ins. Co.

Year: 2015

Court: U.S. Court of Appeals, 8th Circuit

Case Number: 15-1691

Applying Delaware law, the U.S. District Court for the District of Minnesota correctly held that insurers may not escape liability for coverage by applying erroneous exclusions and attempting to rewrite the bargained for coverage at claim time. Where insurers desire to exclude certain conduct from coverage, such as the settlement at issue in this case, they are absolutely free to do so, but only at the time of contracting, never at claim time. Delaware courts apply an objective theory of contract interpretation, judging the intent of the parties by what they wrote in the contract. A rule to the contrary, as the insurer here desired, goes against an insured's reasonable expectations of coverage and violates public policy. UP urged the 8th Circuit Court of Appeals to affirm the District Court in all respects.

UP's brief was authored pro bono by David F. Herr, Esq. of Maslon LLP and UP Executive Director Amy Bach, Esq. and Staff Attorney Dan Wade, Esq.