

## **Universal American Corp. v. National Union Fire Ins. Co.**

Year: 2014

Court: New York Court of Appeals

Case Number: APL-2014-00133

The carrier denied coverage for payments incurred as losses for fraudulent use of the insured's computer systems (bogus medicare payments). However, the insured had purchased a "Computer Systems Fraud" rider which the insured argued would cover such losses. Fraudulent conduct, as defined in the rider, should not be confined to "hacking" incidents as the carrier asserted and the lower courts held. In its brief, UP argued for a broad interpretation of the rider as to effectuate coverage in keeping with the insured's reasonable expectations. From a public policy standpoint, UP reminded the Court that insurance policies are contracts of adhesion and as such the plain meaning should control interpretation and any ambiguities should be construed in favor of the insured.

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