

WRF Prevails on Summary Judgment: No Coverage for After-Acquired Liabilities

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A West Virginia trial court has granted summary judgment to a Travelers entity represented by Wiley Rein & Fielding LLP. The court ruled that the unambiguous CGL insurance policies do not provide coverage for liabilities acquired after the expiration of the policy period. *Philips Electronics North America, et al. v. National Union Fire Insurance Co., et al.*, Civil Action No. 02-C-125 (Marion Cty Cir. Ct. Feb. 10, 2003).

In 1983, the policyholder acquired a glass and bulb manufacturing facility in Fairmont, West Virginia. Under the purchase agreement, the policyholder agreed to indemnify the seller against all claims first asserted by employees after the closing date of the transaction. In 2001, nearly 1000 present and former employees sued the policyholder and seller for injuries arising out of exposures to chemicals and other hazardous materials. The seller then sued the policyholder in a separate lawsuit seeking defense and indemnity for the employee lawsuit.

The policyholder sought defense and indemnity for both lawsuits under CGL policies issued by Travelers for the period 1970-1976. The court found that no reasonable person would interpret the insurance contracts to provide coverage for "liabilities that clearly were not contemplated or anticipated at the inception of the contract." The court therefore found the reasoning of the majority of courts more persuasive and held that it is "both unreasonable and illogical" to require Travelers to provide coverage for liabilities acquired after the expiration of the policy period.

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