COURT OF APPEALS OF THE STATE OF NEW YORK

Hiraldo v. Allstate Insurance Co.

5 N.Y.3d 508 (2005) · Decided October 25, 2005

SUMMARY

The New York Court of Appeals held that continuous lead-paint exposure constituted one loss under identical liability policies issued by Allstate over three successive policy periods. Because each policy contained a noncumulation clause limiting total liability for one loss to the applicable policy limit, Allstate's liability was limited to $300,000 rather than $900,000.

CASE DETAILS

COURT	Court of Appeals of the State of New York
WRITING FOR THE COURT	R.S. Smith, J.; Chief Judge Kaye; Judge G.B. Smith; Judge Ciparick; Judge Rosenblatt; Judge Graffeo; Judge Read
JURISDICTION	New York
DECIDED	October 25, 2005
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiffs appealed from an order affirming summary judgment dismissing their complaint seeking additional insurance proceeds after Allstate paid $300,000 toward judgments against the landlords.
STANDARD OF REVIEW	Summary judgment and interpretation of unambiguous insurance policy language are reviewed as matters of law.
PRECEDENTIAL VALUE	Published precedential opinion of the New York Court of Appeals
PARTIES	Christopher Hiraldo, an infant, by his mother and natural guardian, Alexandria Hiraldo, et al. v. Allstate Insurance Company

TOPICS

insurance coverage · casualty insurance litigation · contract interpretation · contracts

PRACTICE AREAS

insurance law · insurance coverage · insurance policy interpretation

QUESTIONS PRESENTED

1. Whether continuous lead-paint exposure during the terms of three successive Allstate policies constituted one loss subject to a single $300,000 limit or permitted cumulative recovery of $900,000.
2. Whether the policies' noncumulation clause clearly limited Allstate's total liability for the single loss to $300,000.

HOLDINGS

1. Continuous or repeated exposure to lead paint constituted damages resulting from one loss under the identical policy language.
2. The noncumulation clause clearly limited Allstate's total liability for the single loss to the $300,000 limit shown on the declarations page, notwithstanding that three policies were involved.

KEY QUOTATIONS

> *"Regardless of the number of insured persons, injured persons, claims, claimants or policies involved, our total liability under Business Liability Protection coverage for damages resulting from one loss will not exceed the limit of liability for Coverage X shown on the declarations page. All bodily injury, personal injury and property damage resulting from one accident or from continuous or repeated exposure to the same general conditions is considered the result of one loss."* (512)

> *"The non-cumulation clause says that "[r]egardless of the number of . . . policies involved, [Allstate's] total liability under Business Liability Protection coverage for damages resulting from one loss will not exceed the limit of liability . . . shown on the declarations page.""* (513)

FACTUAL BACKGROUND

Christopher Hiraldo allegedly suffered neurological injuries after continuous exposure to lead paint while living in a Brooklyn building from August 1990 through November 1993. Allstate issued three successive, materially identical one-year liability policies covering the building, each with a $300,000 limit. The policies contained a noncumulation clause providing that, regardless of the number of policies involved, total liability for damages resulting from one loss could not exceed the stated limit. After the landlords became subject to judgments totaling approximately $700,000, Allstate paid $300,000 and denied further liability.

PROCEDURAL HISTORY

Christopher Hiraldo and his mother sued the landlords for injuries allegedly caused by continuous lead-paint exposure and obtained judgments totaling approximately $700,000. Allstate paid $300,000 into court and asserted that its liability was discharged. Supreme Court granted summary judgment dismissing the complaint, the Appellate Division affirmed, and the Court of Appeals granted leave to appeal and affirmed.

DISPOSITION

affirmed

CASES CITED

- Matter of Midland Ins. Co., 269 A.D.2d 50, 60 (1st Dep't 2000)
- National Union Fire Ins. Co. of Pittsburgh, Pa. v. Farmington Cas. Co., 1 Misc. 3d 671 (Sup. Ct., N.Y. County 2003)
- Riley v. United Services Automobile Ass'n, 161 Md. App. 573, 871 A.2d 599 (Ct. Spec. App. 2005)
- Bahar v. Allstate Ins. Co., 2004 WL 1782552, 2004 U.S. Dist. LEXIS 15612 (S.D.N.Y. Aug. 9, 2004)
- Greene v. Allstate Ins. Co., 2004 WL 1335927, 2004 U.S. Dist. LEXIS 10860 (S.D.N.Y. June 15, 2004)
- Greenidge v. Allstate Ins. Co., 312 F. Supp. 2d 430 (S.D.N.Y. 2004)

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