UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

Hartford Fire Insurance Company v. Carson Madrona Company, LLC

Hartford Fire Insurance Co. v. Carson Madrona Co., LLC, Case No. 23-cv-06259-VC · No. 23-cv-06259-VC · Decided March 20, 2025

SUMMARY

The United States District Court for the Northern District of California ruled on cross-motions for summary judgment in an insurance coverage dispute involving Hartford, Ace, Ohio Security, American Fire, and Liberty policies. The court held that the Hartford endorsement governed coverage, Hartford had no duty to indemnify Carson Madrona based on the jury's finding that Ashley was not a substantial factor in causing the injury, and the Ohio Security policy applied first, followed by the American Fire and Ace policies. The court left unresolved whether Hartford and Ace had a remaining duty to defend on appeal and scheduled a case management conference to clarify the remaining issues.

CASE DETAILS

COURT	United States District Court for the Northern District of California
WRITING FOR THE COURT	Vince Chhabria
JURISDICTION	United States District Court for the Northern District of California
DECIDED	March 20, 2025
DOCKET	23-cv-06259-VC
DISPOSITION	other
PROCEDURAL POSTURE	Cross-motions for summary judgment in a declaratory insurance-coverage action.
STANDARD OF REVIEW	Summary judgment is appropriate to resolve issues where no genuine dispute of material fact prevents judgment as a matter of law; the order applied that standard to interpretation of the insurance policies and the jury's prior causation finding.
PRECEDENTIAL VALUE	Unpublished federal district court order; persuasive but not binding precedent outside the case.

TOPICS

insurance coverage | duty to indemnify | duty to defend | excess insurance | summary judgment

PRACTICE AREAS

insurance coverage | insurance litigation | commercial litigation | civil procedure

QUESTIONS PRESENTED

1. Whether Hartford's blanket additional-insured endorsement or the policy's general coverage form governed Carson Madrona's coverage.
2. Whether the Hartford endorsement required Hartford to indemnify Carson Madrona for the loss.
3. Whether Hartford and Ace were entitled to summary judgment on any continuing duty to defend Carson Madrona on appeal.
4. Which policies had priority and when the Ohio Security, Hartford, American Fire, and Ace policies attached.
5. Whether the other-insurance clauses were disfavored escape clauses and whether the lease determined priority of coverage.

HOLDINGS

1. The endorsement governed coverage because the lease required Ashley to obtain liability insurance and add Carson Madrona as an additional insured, and the endorsement applied where required by written contract or agreement. The general coverage form did not apply because it expressly excluded entities made insured by endorsement.
2. Hartford had no duty to indemnify Carson Madrona because the loss was not caused, in whole or in part, by Ashley within the meaning of the endorsement. Ashley was found to be a zero-percent substantial factor in causing Perez's injuries, so the endorsement did not cover the loss.
3. The court could not grant summary judgment on Hartford's and Ace's duty to defend because Carson Madrona's appeal could have resulted in a new trial and a jury finding that Ashley was a proximate cause of the loss, leaving a potential for coverage.
4. The Ohio Security policy applied before the Hartford policy. Ohio's policy was primary except when excess over another applicable primary policy, while Hartford's policy was excess except when another policy was purchased specifically to apply in excess of Hartford; the Ohio policy was not so purchased.
5. The American Fire policy applied before the Ace policy. American Fire attached upon exhaustion of the Ohio policy, while Ace attached only after exhaustion of all other applicable underlying and other insurance.
6. The Hartford and Ace other-insurance provisions were not disfavored escape clauses because they made the policies excess rather than disclaiming liability for losses covered by other insurance. The lease did not determine priority among insurers that were not parties to it.

KEY QUOTATIONS

> *"under California law, the language of an "endorsement prevails over the general language contained in the body of the policy if the language of the endorsement is free from ambiguity.""* (Section 1)

> *"The better read of the endorsement's coverage of liability "caused, in whole or in part," by Ashley's acts or omissions is that the policy only provides for coverage where Ashley was a proximate cause of the loss."* (Section 2)

> *"Under California law, the duty to defend applies to claims that are "potentially covered," and only ends when "the action is concluded" or when it is evident that "the potential for coverage which previously appeared cannot possibly materialize.""* (Section 2)

> *"There is nothing that can make any of the policies at issue subject to the contractual obligations to which these carriers were not parties."* (Section 3)

FACTUAL BACKGROUND

A lease required Ashley to obtain commercial general liability insurance and add Carson Madrona as an additional insured. Hartford's policy contained a blanket additional-insured endorsement applying where required by written contract or agreement, while the policy's coverage form excluded entities insured by endorsement. A jury had found that Ashley was a zero-percent substantial factor in causing Perez's injuries. Multiple insurers disputed their respective coverage obligations and priority of coverage for the loss.

PROCEDURAL HISTORY

Hartford and Ace moved for summary judgment, while Carson Madrona and the Liberty parties opposed and also sought summary judgment. The court granted Hartford's and Ace's motions in part and denied them in part, and denied the motions of Carson Madrona and the Liberty parties. The order left the scope of the claims and defenses unresolved and set a case-management conference to address the remaining issues.

DISPOSITION

other

CASES CITED

- Jane D. v. Ordinary Mutual, 32 Cal. App. 4th 643, 651 (1995)
- Burlington Insurance Co. v. NYC Transit Authority, 79 N.E.3d 477, 482–84 (N.Y. 2017)
- Dale Corp. v. Cumberland Mutual Fire Insurance Co., 2010 WL 4909600, at *4–7 (E.D. Pa. Nov. 30, 2010)
- MacKinnon v. Truck Insurance Exchange, 31 Cal. 4th 635, 653 (2003)
- Scottsdale Insurance Co. v. MV Transportation, 36 Cal. 4th 643, 657 (2005)
- Grange Insurance Association v. Lintott, 77 F. Supp. 3d 926, 934 (N.D. Cal. 2015)
- Underwriters of Interest Subscribing to Policy Number A15274001 v. ProBuilders Specialty Insurance Co., 241 Cal. App. 4th 721, 729 n.5 (2015)
- Reliance National Indemnity Co. v. General Star Indemnity Co., 72 Cal. App. 4th 1063, 1072, 1079–83 (1999)

- Rossmoor Sanitation, Inc. v. Pylon, Inc., 13 Cal. 3d 622, 627–34 (1975)
- Travelers Casualty & Surety Co. v. American Equity Insurance Co., 93 Cal. App. 4th 1142, 1152–58 (2001)