

Texas Court Construes Breach of Contract Exclusion Narrowly in Duty-to-Defend Case

In a victory for policyholders, a recent decision from the Western District of Texas narrowly construed a common breach-of-contract exclusion and held that the insurer had a duty to defend its insured against an underlying lawsuit over construction defects, according to the **Hunton Insurance Recovery Blog**.

“The allegations potentially supported a covered claim, as the conduct of the insured’s subcontractor could have been an independent, ‘but for cause of the property damage at issue, thereby triggering the insurer’s duty to defend’,” explain **Lorelie S. Masters** and **Tae Andrews**.

“Many CGL policies have similar or identical breach-of-contract exclusions,” they write. “Longstanding principles of law regarding the duty-to-defend analysis hold that exclusions should be narrowly construed against the insurer and in the insured’s favor, and that when making a duty-to-defend analysis, any doubts or ambiguities should be resolved in the insured’s favor.”

Read the article.