

The Rutter Group California Practice Guide: Insurance Litigation

What's New or Updated 2025

For the 2025 Edition of *Insurance Litigation*, the authors have added new material and/or updated existing material based on relevant case and statutory law developments, including, but not limited to, the following subjects:

- **Policy Interpretation:** The California Supreme Court's opinion in *John's Grill* sheds new light on the "illusory coverage doctrine" as it applies to claims for coverage under a property insurance policy.
- **Limited Virus Endorsement Upheld:** An endorsement to a property policy limiting coverage to situations where the virus was the result of a specified cause of loss enumerated in the policy was upheld since the language was clear. (*John's Grill, Inc. v. Hartford Fin'l Services, Inc.*)
- **Contractual Arbitration:** California now puts arbitration agreements on an equal footing with other types of contracts when determining if a party has waived its right to arbitrate. Only the waiving party's words or conduct are relevant to determining waiver; prejudice to the party opposing arbitration is no longer part of the analysis; and courts should consider only those factors that are relevant to the specific defense of waiver and separately evaluate each generally-applicable state contract law defense. (*Quach v. California Commerce Club, Inc.*)
- **Financial Responsibility Law:** The minimum coverage limits have increased to \$30,000/60,000/15,000 for policies issued on or after January 1, 2025. (Amended Veh.C. §15056(a)).
- **Insureds Suing for Violation of Notice Statute Must Prove Causation:** Insureds suing for the insurer's failure to provide the notice required by statute of the impending lapse of a life insurance policy must prove the lapse was due to the failure to provide the notice and not some other reason. (*Siino v. Foresters Life Ins. & Annuity Co.*)
- **Title Insurance Measure of Damages:** Absent contrary policy language, the measure of a property owner's loss from a cloud on title is the diminution of the property's value caused by the title defect on the date the insured discovers it, measured according to the property's highest and best use. (*Tait v. Commonwealth Land Title Ins. Co.*)
- **Abuse or Molestation Exclusions:** The insured need not have exclusive or complete control over the victim in order for the care, custody or control exclusion regarding abuse or molestation to apply. (*Gordon v. Continental Cas. Co.*)
- **Excluded Use of Vehicle:** An unambiguous exclusion barred coverage for a delivery driver who used his personal automobile to make deliveries on his employer's behalf. (*Murphy v. AAA Auto Ins. of Southern Calif.*)
- **Grants of Review:** The California Supreme Court has granted review to decide several issues related to insurance, including: excess policy exhaustion and bad faith (*Fox Paine &*

Co. v. Twin City Fire Ins. Co.); the application of Ins.C. §§10113.71 and 10113.72 to policies issued in another state but maintained by a policyholder in California (*Pitt v. Metropolitan Life Ins. Co.*); and whether a provision in an all-risk property policy providing coverage for water damage resulting from rain applies while the structure's roof is being replaced (*11640 Woodbridge Condominium Homeowners' Ass'n v. Farmers Ins. Exch.*)

Please refer to the "Update Highlights" for a more comprehensive summary of the most significant developments in this edition where these topics are discussed in more detail.