

Bond Case Briefs

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INSURANCE - TEXAS

JAW the Pointe, L.L.C. v. Lexington Insurance Company

Supreme Court of Texas - April 24, 2015 - S.W.3d - 2015 WL 1870054

Owner of apartment complex damaged by hurricane brought action against primary property insurer and others, asserting claims for breach of insurance contract and violations of the Texas Insurance Code and the Texas Deceptive Trade Practices Act.

The Supreme Court of Texas held, as a matter of first impression, that losses incurred in demolishing and rebuilding to comply with city ordinances were excluded under policy's anti-concurrent-causation clause.

Hurricane caused both wind damage, covered by all-risk property insurance policy, and flood damage, excluded by the policy, which together combined to cause enforcement of city ordinances that ultimately required owner of insured apartment building to demolish and rebuild, and thus insurance policy's anti-concurrent-causation clause excluded coverage for insured building owner losses in demolishing and rebuilding apartment building in order to comply with city ordinances. While the policy covered the cost of complying with city ordinances, such coverage only applied if the policy covered the property damage that triggered the enforcement of the ordinances, and, pursuant to the anti-concurrent-causation clause, the policy did not cover damage caused by the hurricane, as the policy excluded flood damage, which was a concurrent cause of the damage to the building.