



## News

### Scott Seaman Analyzes Federal Court Ruling and Its Impact on Insurance Coverage for Firearms and Public Nuisance Cases via Law360

April 4, 2025

In a recent *Law360 Insurance Authority* article, Scott Seaman, Co-Chair of Hinshaw's Insurance Services Group in Chicago, analyzed the implications of a significant New York federal court ruling. The court determined that a unit of the American International Group (AIG) is not required to defend a firearms retailer in Washington state facing allegations of selling unfinished components that could be used to create "ghost guns."

This ruling raises significant concerns regarding the diminishing scope of commercial general liability (CGL) coverage. Seaman pointed out that public nuisance claims, regardless of their jurisdictional recognition, typically do not fall under CGL coverage. He highlighted three key reasons for this limitation in the *Law360 Insurance Authority* excerpt below:

"First, the gravamen of the actions usually involves intentional or deliberate conduct that generally does not constitute an 'accident' or 'occurrence' and, therefore, is not covered by general liability insurance; Second, whatever the harm allegedly sustained by the governmental entity may be, it generally is not because of bodily injury; Third, the relief sought — such as abatement of a nuisance — often is not covered 'damages' under the policy," he explained.

As a result, this decision involves "well-traveled coverage territory" that will continue to be seen in various contexts and jurisdictions, Seaman said.

Additionally, Seaman noted that the ruling, which dismissed a case due to the lack of an "accident" or "occurrence," aligns with recent legal trends where insurers successfully argued against coverage in opioid-related litigation.

*Law360 Insurance Authority* excerpt:

Hinshaw's Seaman agreed, saying Judge Garnett understood her ruling based on the absence of an "accident" or "occurrence" fully disposed of the case. Had she addressed this issue, Seaman said he suspected Judge Garnett would rule against coverage based upon the reasoning of numerous cases to address the issue.

He pointed out that insurers prevailed in opioid-related litigation in 2024 when a Florida federal court ruled that insurers for Publix Super Markets did not owe a duty to defend the grocery chain because the underlying suits sought economic loss, not for damages because of bodily injury.

#### Attorneys

Scott M. Seaman



A Delaware trial court also ruled that insurers needn't defend CVS against opioid-related suits brought by municipalities, third-party payors and medical providers on the same grounds, relying on the Delaware Supreme Court's 2022 ruling in *Ace American Insurance Co. v. Rite Aid Corp.*, Seaman added.

[Read the full article](#) (subscription may be required).

- *Law360 Insurance Authority*: "[NY Ghost Gun Win Adds To Concerns Of CGL Policy Breadth](#)" (April 4, 2025)