

Insurance Coverage Alert - February 2016

February 18, 2016

NEW JERSEY SUPREME COURT REACHES SURPRISING DECISION THAT APPRECIABLE PREJUDICE IS NOT REQUIRED TO DENY COVERAGE BASED ON AN “AS SOON AS PRACTICABLE” NOTICE CONDITION IN A CLAIMS MADE POLICY

The Supreme Court of New Jersey held last week that an insurer did not have to demonstrate “appreciable prejudice” to rely on a condition that notice be provided “as soon as practicable” in a claims made Directors & Officers liability policy. *Templo Fuente de Vida Corp. v. National Union Fire Ins. Co. of Pittsburgh, P.A.*, -- A.3d --, 2016 WL 529602 (February 11, 2016). The insured in *Templo Fuente* did not tender the claim regarding a failed real estate transaction to National Union for more than six months. This notice satisfied the insuring agreement requirement that the claim be reported during the policy period but did not meet the condition that notice be provided “as soon as practicable.”