American Educational Institute

CLAIMS LAW UPDATE

A SUPPLEMENT TO CLAIMS LAW COURSES IN CASUALTY, PROPERTY, WORKERS' COMPENSATION, FRAUD INVESTIGATION, AND AUTOMOBILE

Summer, 2026

AEI CLAIMS LAW QUIZ

THE MOTOR VEHICLE EXCLUSION IN THE HOMEOWNERS POLICY

[*Ref. Homeowners: Liability Coverages, Para 2.02*]

FACTS: Aaron Johnson, the son of Theodore and Kim Johnson, was driving his father's car in the early morning of December 26, 2019. Aaron's friend, Jordan Torres, was a passenger in the car. As Aaron attempted to navigate a curve in the road, he lost control of the car, which left the roadway and struck a telephone pole. Torres was seriously injured in the accident and filed a lawsuit against, among others, Aaron, Theodore, and Kim Johnson. Torres alleged that Aaron, a minor, consumed alcohol at a bar, after which he went to his parents' home, where he was visibly intoxicated, and consumed more alcohol. The claim against Aaron alleged that Torres' injuries were caused by Aaron's negligent operation of a motor vehicle. The claims against Aaron's parents alleged that Torres' injuries were caused by their negligence in one or more of the following ways: they allowed Aaron to consume alcohol at their home despite Aaron being a minor; they allowed Aaron to leave their home despite his intoxication; and Theodore allowed Aaron to operate a motor vehicle he owned despite Aaron's intoxication.

Theodore and Kim Johnson sought coverage for Torres' claims under their homeowners policy issued by Liberty Insurance (Liberty) because the auto policy on Theodore's car had been canceled before the accident occurred. The homeowners policy included a motor vehicle exclusion that barred coverage for "bodily injury or property damage . . . arising out of the ownership, maintenance or use of motor vehicles . . . owned or operated by or rented or loaned to an insured." Liberty commenced a declaratory judgment action seeking a ruling that the motor vehicle exclusion barred coverage under the homeowners policy. Liberty then filed a motion for summary judgment, arguing that no reasonable fact finder could conclude that Liberty had a duty to defend or indemnify the insureds in the lawsuit because Torres was seeking damages excluded by the policy. Specifically, Liberty argued that all of Torres' bodily injuries arose out of Theodore's ownership of the car as well as Aaron's use of that car and, therefore, coverage under the homeowners policy was barred by the motor vehicle exclusion.

The trial court agreed with Liberty and concluded that the motor vehicle exclusion in the homeowners policy barred coverage. The insureds appealed and argued that some of the claims alleged in Torres' complaint did not fall within the scope of the motor vehicle exclusion. Specifically, they argued that the alleged negligent supervision of their minor son, permitting him to consume alcohol in their home, and permitting him to leave the home despite his intoxication are all specifications of negligence that are disconnected from the use of a motor vehicle. And since those specifications of negligence lacked any causal connection to the ownership or use of a motor vehicle the exclusion should not apply to bar coverage under the policy. Thus, they argued that Liberty had a duty to defend and possibly indemnify them in Torres' lawsuit and, therefore, the trial court erred in granting Liberty's motion for summary judgment.

QUESTION: Does the motor vehicle exclusion in the homeowners policy bar coverage when the alleged damages flow from the use of a motor vehicle, but the allegations of negligence do not?

ANSWER: Yes, according to a Connecticut appellate court in *Liberty Insurance Corp. v. Johnson*, 2023 Conn. App. LEXIS 279 (Conn. App. 2023). The court found that the motor vehicle exclusion in the policy bars coverage when there is a sufficient causal link between the bodily injury alleged and the use of a motor vehicle, rather than between the negligence alleged and the use of a motor vehicle. Allegations of negligence against an insured that are separate and apart from the use of a motor vehicle, such as in this case when it was alleged that the parents were negligent in supervising their minor son while in their home, will remain subject to the motor vehicle exclusion when the injuries or damages claimed could not have resulted solely from that separate negligence, but necessarily flowed from the use of a motor vehicle.

The court began its analysis by stating the relevant law:

> To prevail on a motion for summary judgment on a claim for the breach of the duty to defend, an insurer must establish that there is no genuine issue of material fact either that no allegation of the underlying complaint falls even possibly within the scope of the insuring agreement or, even if it might, that any claim based on such an allegation is excluded from coverage under an applicable policy exclusion. In presenting countervailing proof, the insurer, no less than the insured, is necessarily limited to the provisions of the subject insurance policy and the allegations of the underlying complaint. Therefore, it is only entitled to prevail under a policy exclusion if the allegations of the complaint clearly and unambiguously establish the applicability of the exclusion to each and every claim for which there might otherwise be coverage under the policy.
>
> An insured, in turn, may rebut an insurer's claim that it has no duty to defend him in the light of an applicable policy exclusion by showing that at least one of the allegations, as pleaded, states a claim that falls even possibly outside the scope of the exclusion or within an exception to that exclusion. Unless the allegations of any such underlying claim fall so clearly and unambiguously within a policy exclusion as to eliminate any possible coverage, the insurer must provide a defense to its insured.

Applying this analysis the appeals court affirmed the trial court's ruling and held all of the claims in the complaint, including those for negligent supervision, were barred by the motor vehicle exclusion.

The insureds argued that some of the allegations of negligence in the complaint did not fall within the exclusion because they involved either negligent supervision or the provision of alcohol by the insureds while in their house, and that there was no causal connection between that alleged negligence and the use of a motor vehicle. The court, however, relied on precedent that had rejected that argument. The motor vehicle exclusion depends on whether there is a sufficient causal link between the bodily injuries alleged and the use of a motor vehicle, rather than between the negligence alleged and the use of a motor vehicle. Therefore, even if some of the allegations of negligence in Torres' complaint occurred without any causal connection to the use of a motor vehicle, the policy excluded coverage because there was "bodily injury arising out of" the use of a motor vehicle. Separate acts of negligence that don't directly involve a motor vehicle are immaterial to whether the motor vehicle exclusion applies. In addition, the court said that this was not a case in which the allegations in Torres' complaint revealed that his injuries could have resulted solely from the alleged negligent acts of the insureds while in their home. The court concluded that all of Torres' bodily injuries arose out of the use of a motor vehicle, for which the policy clearly excluded coverage, regardless of where the insureds' negligence occurred.

CONCLUSION: Insurance policy exclusions are intended to limit the scope of coverage provided by the insuring agreement. This is why courts interpret exclusionary language narrowly, against the insurer. Nonetheless, if the exclusionary language is clear and unambiguous, a court will apply the exclusion according to its plain and ordinary meaning. And in determining whether the exclusionary language is clear and unambiguous, a court will not torture the language to create an ambiguity where none exists. Here, the court found that all of Torres' injuries arose out of the use of a motor vehicle, and that is what the policy exclusion expressly barred from coverage.

Congratulations SCLA’s

The following individuals earned their SCLA’s in the months of May, June, and July 2026:

Richard Ahn **Branchburg, NJ**	**Katie Ellen Aid** **Nationwide Group** **San Antonio, TX**	**Katrina J. Arbogast** **Great West Casualty** **Knoxville, TN**	**Jonathan Bailey** **Markel Corporation** **Wake Forest, NC**
Amanda Barbercheck **TN Farmers Mutual Ins.** **Goodlettsville, TN**	**Quron Berry** **Utica National Ins.** **Mocksville, NC**	**Robin M. Bressler** **American Modern** **Cincinnati, OH**	**Holly Brunswick** **Auto-Owners** **Chino, CA**
Joseph M. Buttino **Erie Insurance** **Rochester, NY**	**Annie Carlson** **United States Liability Ins.** **Naperville, IL**	**Sara E. Caruso** **Sentry Insurance** **Saint Johns, FL**	**Nelson Sun Hong Chan** **Suwanee, GA**
Brad Clark **TN Farmers Mutual Ins.** **Cookeville, TN**	**Alexander Coleman** **Sentry Insurance** **Peoria, AZ**	**Jacinta Coloma** **GEICO** **Riverview, FL**	**Amiee Dills** **Auto-Owners** **Macon, FL**
Jason Dyer **TN Farmers Mutual Ins.** **Cookeville, TN**	**Dawn Eckes-Warner** **Sykesville, MD**	**Jessica Frantz** **Glatfelter Insurance Group** **York, PA**	**Byron Gardner** **Plano, TX**
Sawyer Garriques **Grinnell Mutual** **Kent, OH**	**Angela Goodwin** **Auto-Owners** **Newnan, GA**	**Ellie Green** **USAA** **Tampa, FL**	**Lynne M. Greer** **Erie Insurance** **Avon, OH**
Thomas Grieb **Auto-Owners** **Mason, MI**	**Angel Hall-Donley** **Acadia Insurance** **Niantic, CT**	**Devin Hannon** **Auto-Owners** **Charlotte, NC**	**Morgan S. Harbison** **State Farm Insurance** **Fayette, MO**
Shawnquise D. Harris **Country Financial** **Normal, IL**	**Sam Hesman** **American Modern** **Kansas City, MO**	**J.R. Hudgins** **Auto-Owners** **Alpharetta, GA**	**Anna Hudson** **TN Farmers Mutual Ins.** **Waynesboro, TN**
Baleigh Jones **TN Farmers Mutual Ins.** **Bartlett, TN**	**Jason Kelly** **Auto-Owners** **Gray, GA**	**Sabrina Love** **Crum & Forster Insurance** **Edgewater, MD**	**Brian J. Mulhern** **Global Indemnity (GBLI)** **Narberth, PA**

Caleb Paul Nelson
Mountain West Farm Bur
Bozeman, MT

Misty Pahl
Texas Assoc. of Counties
Decatur, TX

Jordan Pass
USAA
Wesley Chapel, FL

Linnea Peabody-Smythe
MAPFRE Insurance
Bennington, NH

Aaliyah Rose
Utica National Insurance
Utica, NY

Stephanie Ruiz
Sentry Insurance
Saint Cloud, FL

Michaela Schlegel
Auto-Owners
Lansing, MI

Angela M. Sepulveda
Sentry Insurance
El Paso, TX

Allene Shih
Utica National Insurance
Jackson Heights, NY

Darrel L. Smith
Allstate Insurance
Desoto, TX

Rachel A. Smith
Society Insurance
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Joe Stevenson
Sedgwick
Temecula, CA

Garrett A. Sturgess
Oklahoma Farm Bureau
Lawton, OK

Tenisha Ann Tanner
Sentry Insurance
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Kentucky Farm Bureau
Campbellsville, KY

Andrea E. Wenstadt
Sentry Insurance
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Steven Yang
Auto-Owners
Duluth, GA