

Nebraska Supreme Court Rules That Pollution Exclusion In Property Policy Bars Coverage For Methamphetamine Vapor In Rental House

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The Supreme Court of Nebraska ruled that a pollution and contamination exclusion applied to claims alleging property damage stemming from methamphetamine production or use within a rental property. *Kaiser v. Allstate Indem. Co.*, 307 Neb. 562 (Oct. 23, 2020). The court rejected the policyholder's assertion that the exclusion was ambiguous because terms such as "irritants" or "contaminants" were not defined. The court also dismissed the contention that a "sudden and accidental" exception applied to restore coverage, explaining that even if accidental, the damage occurred over a significant period of time, rather than abruptly. The court reasoned that the policyholder's argument that the methamphetamine vapors "quickly bonded to most surfaces throughout the rental house" was irrelevant because the determinative issue is the "whole loss" resulting from the methamphetamine use, "not its component parts."

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