

Coverage Barred by Discrimination Exclusion in Non-Profit Liability Policy

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A federal judge has ruled that a discrimination exclusion in a Non-Profit Organization Liability Insurance Policy unambiguously barred coverage for two lawsuits alleging that Oak Ridge Park, Inc. ("ORP"), a company that sells dwelling units in the French Quarter of New Orleans, Louisiana, violated the Fair Housing Act and Louisiana Open Housing Act. *Oak Ridge Park, Inc. v. Scottsdale Ins. Co.*, No. 98-3348 Section "N", 1999 U.S. Dist. LEXIS 14645 (E.D. La. Sept. 17, 1999).

A former employee and a public interest group brought suit against ORP alleging that it discriminated against potential purchasers of its French Quarter properties on the basis of race, religion, familial status and national origin. ORP's non-profit liability policy insured ORP against "all loss which the insured shall be legally obligated to pay as a result of any claim or claims made against the insured due to a wrongful act. . . ." However, the policy contained an exclusion for any payment for loss from any "claim or claims made against the insured based upon or arising out of actual or alleged discrimination." The court found that the exclusion barred coverage under the insurer's "reasonable interpretation of the operative policy provision."