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# Seventh Circuit Finds “Additional Insured” Requirements Met Where Non-Party Subcontractor Was Proximate Cause of Underlying Injuries

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In *Atlanta Gas Light Company et al v. Navigators Ins. Co.*, Nos. 24-2888 & 24-2889 (7th Cir. Jan. 22, 2026), the Seventh Circuit Court of Appeals assessed whether an upstream contractor was an “additional insured” under an umbrella policy issued to its subcontractor. Atlanta Gas and Southern Company Gas (“AGL”) hired United States Infrastructure Corporation (“USIC”) to locate and mark gas lines that AGL owned throughout Georgia. In 2018, USIC failed to mark a gas line in Homerville, Georgia, and a boring company struck it, leading to an explosion that severely injured three women. The victims settled their claims with USIC but did not come to terms with AGL. AGL eventually did settle with the victims, but only after they sued AGL in Georgia state court (the “Underlying Suits”). AGL’s service agreement with USIC required USIC to obtain primary and excess liability insurance coverage that included AGL as an additional insured. Because USIC’s settlement with the victims exhausted its primary policy, AGL tendered the defense and indemnification of the Underlying Suits to USIC’s excess insurer, Navigators. Navigators denied the request on the ground that AGL was not an “additional insured” under the policy.

According to Navigators, AGL qualified as an “additional insured” only “with respect to liability for ‘bodily injury’... caused in whole or in part by [USIC’s] acts or omissions.” Based on this language, Navigators argued that in order for AGL to qualify as an additional insured, its liability must be based on the acts or omissions of USIC or those acting on USIC’s behalf. In the Underlying Suits, USIC was not a party and plaintiffs’ claims were directed at AGL’s own conduct rather than USIC’s. In other words, because the Underlying Suits against AGL did not mention USIC at all, Navigators claimed that USIC’s acts or omissions could not have been the proximate cause of the harm that is the subject of the lawsuits. Relatedly, Navigators reasoned that because the settlement agreements released USIC of any liability, USIC’s acts and omissions could not have been the “cause” of the harm for which AGL was sued.

The Seventh Circuit rejected Navigators’ arguments. According to the Court, for AGL to qualify as an “additional insured,” liability the Underlying Suits seek to impose upon AGL must stem from injuries proximately caused “in whole or in part” by USIC’s conduct. The Seventh Circuit reasoned that Navigators’ argument confused the release of USIC’s liability with a determination that USIC did not proximately cause the injury that is the subject of the Underlying Suits. However, as the Court pointed out, “[s]ettlement does not create a judicial ruling. Nor does it vindicate a plaintiff’s theory of liability. Parties can settle for any number of reasons and the obligation to pay comes from the settlement itself (an agreement), not from one party’s liability.” Put another way, the settlement agreement merely released USIC from any claims of liability; it did not determine one way or the other whether USIC had proximately caused the harm to the injured parties.

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Ultimately, the Seventh Circuit found that USIC's "acts or omissions" "caused in whole or in part" the gas explosion, which harmed the injured parties. While the complaints in the Underlying Suits did not mention USIC by name, that is not the test. When assessing its duty to defend, the "insurer must look to the allegations in the complaint coupled with the facts known to the insurer after reasonable investigation." Additionally, "[t]here can be multiple proximate causes of a resulting event." The policy recognizes this potential by requiring only that the relevant injury be caused "in whole *or in part*" by USIC acts or omissions. Accordingly, because the Underlying Suits sought to hold AGL liable for injuries that were proximately caused (at least in part) by USIC's conduct, the "additional insured" requirements in the Umbrella Policy were met.