

Chubb Unit Was Misled About YogaPipe Defects, Lawsuit Says

By [Hope Patti](#) · Dec 17, 2021, 6:28 PM EST ·

A Chubb Ltd. unit says in a new lawsuit that it has no duty to defend an air conditioning and refrigeration pipe distributor in product liability suits, claiming that it issued policies to the company based on misleading information.

Ace Property and Casualty Insurance Co., which was folded into Chubb in a 2016 merger, is seeking declaratory judgment and rescission of the policies issued to YogaPipe Inc. Ace said in a complaint filed Thursday that the company knew of the underlying claims at the time the policies were issued but failed to disclose them during the policy application process.

"YogaPipe engaged in material misrepresentations and acted so as to void the policies under their terms and under" Massachusetts law, increasing the risk of loss, according to Ace.

Ace issued a business owners policy and a commercial umbrella policy to Rockland, Mass.-based YogaPipe in April 2020, both with a policy period of April 11, 2020, to April 11, 2021, according to the complaint.

YogaPipe's agent, Commonwealth Insurance Co., applied for the policies online through the Chubb Marketplace. Ace claimed the agent documented that YogaPipe had not had any losses in the previous five years. A letter signed by the president of YogaPipe at the time, Greg Carr, was also sent to the insurer on April 10, 2020, stating that the company had not had any known insurance claims or losses since its incorporation in 2016.

Ace stated that claims had been made against YogaPipe, formerly E.S. Gallagher USA Ltd., for alleged failure of its product, a flexible, multilayer polyethylene pipe — designed for use in air conditioning, heating and refrigeration applications — which is manufactured by a German company and distributed by YogaPipe.

YogaPipe reported the first of the underlying claims to Ace on Dec. 21, 2020, seeking defense and indemnification under its primary policy, the insurer said. The company later reported additional claims to Ace, including an October lawsuit filed in Colorado federal court.

Ace investigated the underlying claims after YogaPipe's initial report to determine whether coverage existed under the policy terms. In June, Ace said it learned from [Continental Casualty Co.](#), which previously provided liability coverage to YogaPipe under its former name, that the

company and its Canadian agent, HUB International Sinclair Cockburn, reported at least one claim in February 2019, referred to as the "Farwell Apartments claim."

YogaPipe never disclosed the alleged product defect, underlying claims or claim set up by Continental prior to December 2020, Ace said, adding that had it known, it would have either charged a higher premium or not issued the policies to YogaPipe.

Additionally, Ace said that even if the policies were not void and rescinded, it would not be on the hook for covering the underlying claims because they were a known loss when the policy was issued.

"There was no insurable risk in the YogaPipe product at the time the policies were issued because, prior to the inception of the policies, YogaPipe knew that there was, at a minimum, a substantial probability that it would suffer or had already suffered a loss arising out of the YogaPipe product based on the underlying claims that had already been asserted," the insurer said.

Counsel for Ace did not immediately respond to request for comment on Friday. YogaPipe could not be reached for comment.

Ace is represented by John J. McGivney and Kara A. Loridas of [Rubin and Rudman LLP](#).

The case is Ace Property and Casualty Insurance Company v. YogaPipe Inc., case number 1:21-cv-12059, in [U.S. District Court for the District of Massachusetts](#).

--Editing by Rich Mills.