

Wisconsin Court of Appeals Applies “Violation of Law” Exclusion

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On April 9, 2026, the Court of Appeals of Wisconsin issued a decision addressing the applicability of the “Violation of Law” exclusion to injuries caused by the accidental discharge of a firearm by a minor defendant, when that defendant was criminally adjudicated for possession of a dangerous weapon by a person under 18. The Court of Appeals of Wisconsin held that the “Violation of Law” exclusion was unambiguous, and, applied to the undisputed facts, barred coverage for the plaintiff-appellants’ injuries. *Westbrook v. Jones et al.*, No. 2025AP1426, 2026 WI App 37, 37 N.W.3d 896.

American Family requested that the Court of Appeals publish the initially unpublished decision, and the request was granted. The plaintiff-appellants then petitioned for review to the Wisconsin Supreme Court, and the Wisconsin Supreme Court recently denied the petition. An overview of the Court of Appeals’ published decision follows.

Background Information

On February 22, 2023, the minor plaintiff, then 13, was at the home of the minor defendant. The minor defendant’s father kept several firearms unsecured in his bedroom, including the firearm at issue. One of the boys took the firearm and discharged it, injuring the minor plaintiff’s ear. The State charged the minor defendant with negligent handling of a dangerous weapon causing bodily harm, a felony, and the minor defendant accepted a plea agreement, admitting instead to misdemeanor possession of a dangerous weapon by a person under 18 and was adjudicated as a delinquent.

The minor plaintiff and his parents sued the defendants and their insurer, American Family, for negligent entrustment and supervision (against the father) and negligent use of a firearm (against the son). American Family filed for declaratory and summary judgment based, in part, on the “Violation of Law” exclusion that precludes coverage for “any occurrence arising out of, resulting from, or in connection with” a “violation of any criminal law.” The exclusion further provides that it applies to “violation of any criminal law for which any insured...is convicted or adjudicated.” The circuit court granted declaratory and summary judgment in favor of American Family, determining that the “Violation of Law” exclusion precluded coverage and dismissing American Family from the lawsuit. The plaintiffs appealed.

Decision and Analysis

On appeal, the Court of Appeals of Wisconsin affirmed the circuit court’s determination, which it reviewed de novo, concluding that the “Violation of Law” exclusion precluded coverage for the plaintiff-appellants’ injuries.

The Court of Appeals examined the "Violation of Law" exclusion, finding that it was unambiguous, and that it plainly precluded coverage for the plaintiff-appellants' injuries. The Court of appeals reasoned that the terms "arising out of," "resulting from," and "in connection with," while not defined by the policy, are everyday terms that would be commonly understood by a reasonable insured. It provided that "Arising" means "to come into being" or "originate"; "resulting" means "happening as a consequence;" and "in connection with" means "in relation to," "with respect to," or "concerning." It concluded that a reasonable insured would "understand this language to mean, at minimum, that coverage is excluded if an insured's violation of criminal law has some causal relationship to the occurrence, assuming that the insured ends of being adjudicated for that violation." Applying the language of the exclusion to the case circumstances, the Court of Appeals determined that coverage was excluded. The Court of Appeals separately addressed several arguments from the plaintiff-appellants that the policy was ambiguous and would therefore have to be construed in favor of coverage, rejecting each as unpersuasive.

First, the plaintiff-appellants argued the term "criminal law" is susceptible to different meanings and that a reasonable insured would interpret the exclusion to only apply to "big" crimes like theft or homicide, rather than any and all laws falling under the criminal code. The court rejected this argument because the policy language explicitly states it applies when the insured is convicted or adjudicated of violating "any criminal law." It reasoned that while an insured may not be knowledgeable about the full extent of the criminal code, the policy language itself is unambiguous and cannot be reasonably interpreted to only apply to a subset of crimes.

The plaintiff-appellants also argued that the introductory phrase "any occurrence arising out of, resulting from, or in connection with" was ambiguous and that a reasonable construction of the phrase only refers to the act "that begins or starts the unbroken chain of causation," contending there was coverage since the first act was the defendant father's failure to secure his firearms. The Court of Appeals rejected this argument since it was not "objectively reasonable," citing *Hischhorn v. Auto-Owners Ins. Co.*, for the position that the court "need not embrace any grammatically plausible interpretation" when "only one interpretation comports with an insured's objectively reasonable understanding." 2012 WI 20, ¶ 23, 338 Wis. 2d 761, 809 N.W.2d 529. The court further reasoned that even if "arising out of" was limited to the first causal act, the remaining terms cannot be reasonably interpreted to be as limited.

The Court also rejected any argument that the defendant father's negligence was an "independent concurrent cause" of injury. The court noted that for the independent concurrent cause rule to apply, the covered cause "must provide the basis for a cause of action in and of itself and must not require the occurrence of the excluded risk to make it actionable." *Smith v. State Farm Fire & Cas. Co.*, 192 Wis. 2d 322, 331-33, 531 N.W.2d 376 (Ct. App. 1995). The Court of Appeals reasoned the rule did not apply since the defendant father's negligent failure to secure his firearms would not be actionable until his son possessed the gun and caused injury.

Lastly, the plaintiff-appellants argued the "Violation of Law" exclusion was contextually ambiguous in light of separate policy exclusions for "Imputed Liability" and "Parental Liability." They argued a reasonable insured would believe that only those exclusions could be potentially relevant to the question of coverage for the defendant father's liability and would not think to consider that another exclusion might bar coverage. The Court of Appeals rejected this argument for two reasons. First, the American Family Policy insured against "occurrences" rather than specific claims or theories of liability. Second, Wisconsin law clearly requires courts to analyze exclusions separately and provides that "the inapplicability of one exclusion will not reinstate coverage where another exclusion has precluded it." See *American Fam. Mut. Ins. Co. v. American Girl*, 2004 WI 2, ¶ 24, 268 Wis. 2d 16, 673 N.W.2d 65.

Conclusion

With the Wisconsin Supreme Court's denial of review, *Westbrook* is now binding Wisconsin authority that can be cited in support of the applicability of "Violation of Law" and other similar criminal acts exclusions. *Westbrook* offers useful guidance for claims or lawsuits involving an insured's criminal conviction or adjudication, including plea-reduced charges.

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