Meta Coverage Ruling Could Erode Broad Duty To Defend

By **Cort Malone and Jamie O'Neill** (March 19, 2026)

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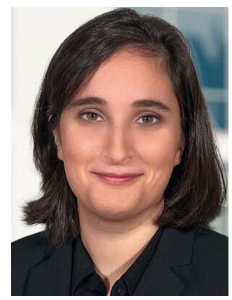

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The Delaware Superior Court's Feb. 27 ruling in Hartford Casualty Insurance Co. v. Instagram LLC represents a significant and potentially troubling decision for policyholders. The court determined that a group of insurance companies have no duty to defend Meta Platforms Inc., the company behind Facebook and Instagram, against thousands of lawsuits alleging that its platforms were designed to be addictive to children.

In the underlying actions, the complaints allege that Meta designed its platforms to maximize user engagement by purposefully exploiting the psychological vulnerabilities of children and teenagers. Specifically, the plaintiffs allege that Meta built addictive features into its platforms with the goal of attracting and addicting young people. This was allegedly done through the engineering of the platform's algorithm in the delivery of content.

Most of the complaints were filed on behalf of children who used Meta's platforms, alleging that those design choices cause physical or emotional harm, such as depression, eating disorders, and/or self-harm. Another large portion of the complaints were filed by local governments and school districts seeking recovery for the resources that they have had to expend to combat the mental health crisis currently facing young people due to social media.

The court, applying California law, concluded that the allegations in the underlying complaints described "strictly deliberate" business decisions rather than a covered accident or occurrence. The decision seemingly reinforces a narrow interpretation of coverage that leaves policyholders vulnerable even when facing claims explicitly labeled as negligence.

To reach this conclusion, the court applied California's established two-step test to determine if an event qualifies as an accident: (1) whether the underlying complaints allege anything other than strictly deliberate conduct; and (2) if not, whether the complaints nonetheless identify some additional, unexpected, independent and unforeseen happening that may have produced the damage.

As to the first element, the court found that Meta's intentional design and implementation of features to maximize engagement were deliberate acts. The court rejected the argument that the presence of negligence causes of action in the underlying actions triggered a duty to defend. By looking past the literal legal "labels" to the factual conduct alleged, the court held that when a negligence claim arises from intentional conduct, such as voluntary business decisions, the conduct remains strictly deliberate.

The court thus found no accident in the intentional design of the social media platform.

In coming to this decision, the court relied on California cases — like the U.S. Court of Appeals for the Ninth Circuit's 2024 ruling in AIU Insurance Co. v. McKesson Corp. and the California Court of Appeal, Fourth Appellate District's 2017 decision in Travelers Property Casualty Co. of America v. Actavis Inc. — where courts ruled that pharmaceutical companies intentionally "flooding the market" with opioids were engaging in strictly deliberate conduct. In those cases, the courts found that widespread addiction and death were direct, foreseeable results of the marketing campaigns, not "accidents" (regardless of any negligence theories).

Similarly, the court drew parallels to last year's U.S. District Court for the Central District of California decision in James River Insurance Co. v. SureFire, a case where a gun accessory manufacturer faced negligence claims following a mass shooting. There, the court found the manufacturer's marketing decisions were deliberate, meaning the shooting was not an "unforeseen happening" that could restore coverage.

Turning to the second analytical step, the court addressed whether an "unforeseen happening" occurred that could restore coverage for Meta's deliberate design choices. Meta argued that because its platforms host user-generated content, the harmful nature of that content constituted an independent, intervening event outside its control.

The court rejected this third-party content argument, determining that the creation and consumption of such content was the "functional and intended result" of Meta's platforms. Because the platforms were engineered to maximize engagement through the algorithmic delivery of this content, the court found the resulting exposure was a "predictable result" rather than a fortuitous or unforeseen happening.

Ultimately, the court concluded that the alleged injuries, including addiction and self-harm, were not the result of "mere fortuity" but were instead consequences of Meta's business model.

This decision is potentially problematic for policyholders because it erodes the otherwise typically broad interpretation of insurance companies' duty to defend. However, the Meta decision ultimately may be limited to its unique facts, which led to the court's atypical decision.

The court decided to ignore negligence claims and allegations in the complaints when such allegations are tied to business decisions and objectives including maximizing user engagement. By disregarding the specific negligence allegations, the court suggested that even if a policyholder builds a product negligently with no intent to cause harm, the deliberate nature of the design process itself may bar coverage.

This implies that unintended results (the core of insurance) may be excluded in certain situations if the business decisions leading to them were intentional. But it is uncertain whether this decision will apply to business decisions outside the context of products that encourage online user engagement.

The unique nature of the Meta decision is demonstrated further by the court's reasoning that since Meta engineered its platforms specifically to "maximize engagement" through its algorithm, it was not "mere fortuity" that those same platforms caused the alleged harms — self-harm and addiction. But this reasoning is also problematic because if a product achieves its intended business goal — such as keeping users engaged — any negative side effect directly tied to that goal potentially can be characterized as a foreseeable outcome of a deliberate business plan.

In the court's view, Meta's "functional and intended result" was the consumption of content, making any injury arising from that consumption a direct causal consequence of Meta's business model rather than a fortuitous event. By focusing on this aspect, the court was able to bypass Meta's subjective intent to avoid harm, holding that an "accident" refers to the nature of the act itself (the design choices) rather than the intent to cause injury.

On March 6, Meta filed a motion for reargument that has since been opposed by the insurance company plaintiffs. The court has not yet ruled on the motion.

While the actual precedential value of the decision remains to be seen, the ruling serves as a warning that a policyholder's own business decisions — such as efforts to maximize online user engagement — can be weaponized by insurance companies to deny a duty to defend under the "deliberate act" framework.

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