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The Forever Chemical and the Duty to Defend
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Insurance Considerations for Claims Involving Facial Recognition and Other Biometric Technology

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Facial recognition technology (FRT) and other biometric identification technologies are no longer science fiction; they are a rapidly expanding feature of the modern business landscape. Companies across a broad range of industries, including retail, hospitality, finance, and healthcare are deploying FRT and other biometric systems to enhance security, personalize customer experiences, and streamline business interactions. New applications are emerging constantly – witness the "virtual try-on" tool for cosmetics and cashier-less checkout systems that identify customers as they shop. With new uses come new liability risks – as suits against M.A.C. Cosmetics (for virtual try-on) and Amazon (for cashier-less checkout) illustrate.

I. Risks of Using FRT and Other Biometric Technology

A patchwork of aggressive state and local laws has created a minefield of liability for businesses that collect, use, or store biometric data. The most utilized of these laws is Illinois' Biometric Information Privacy Act (BIPA), which includes a private right of action. Under BIPA, a business can be liable even without a data breach, as lawsuits under the statute often hinge on logistical missteps, such as failing to obtain proper written consent or not maintaining a publicly available data destruction policy. In 2021, New York City passed a law similar to BIPA in providing a right of private action, albeit with a 30-day notice-and-cure provision. In recent years, other states including California, Texas, Virginia, and Washington have passed biometric privacy laws that do not contain a private right of action but are enforced by the state's attorney general.

Navigating the legal risks of FRT and other biometric technology requires a proactive and multi-faceted approach. There are several practices that businesses can adopt to potentially reduce liability exposure and strengthen their position in the event of an insurance dispute over privacy claims. These practices include: (1) mastering the consent and notice requirements for use of FRT and biometric technology in all applicable jurisdictions; (2) establishing and adhering to publicly available data policies; (3) implementing robust data security measures; (4) testing technology systems for accuracy and fairness; and (5) staying informed on regulatory trends in these areas.

On this last point, companies must be aware that the legal landscape for FRT and biometrics is evolving at breakneck speed. Many states, including New York, Arizona, and Hawaii, are considering BIPA-style legislation, and more are expected to follow. Federal proposals like the American Privacy Rights Act (APRA) are under consideration, and SEC rules now require public companies to make timely disclosures about cybersecurity incidents, creating another layer of D&O liability risk. Staying informed about these trends is crucial for adapting compliance programs and anticipating future risks.

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II. Potentially Responsive Types of Insurance

In addition to undertaking the above pre-loss or pre-claim activities, perhaps the most important thing that a company using FRT or other biometric technology can do is to take stock objectively of their insurance policies that should respond to claims involving these technologies. Several types of policies may potentially offer protection from technology-based privacy claims including Commercial General Liability (CGL), Employment Practices Liability (EPL), Directors and Officers (D&O), Errors & Omissions (E&O), and standalone Cyber insurance.

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With respect to cyber coverage, although there is no standard-form cyber policy, cyber policies typically include coverage for cyber security incidents, such as the improper safeguarding of personally identifiable information and potential unauthorized access by third parties. In the FRT and biometric information context, such coverage may be helpful if there is a data breach or security failure that makes personally identifiable information vulnerable to unauthorized access. Cyber policies are continuously evolving with the changing threat landscape, and while current cyber policies generally do not include FRT-related exclusions, this may change should liability exposure increase.

D&O coverage may respond to a variety of claims related to FRT or other biometric technology if the use of such tech results in discriminatory practices, violations of privacy laws, or other failures in adhering to regulations. Additionally, D&O policies can address derivative actions, where shareholders may sue directors and officers on behalf of the company for alleged misconduct including improper vetting or use of new technologies. Similarly, E&O insurance policies provide coverage for liabilities that arise from negligence in providing professional services. Specifically, technology E&O insurance aims to protect tech companies against risks associated with mistakes, negligence, or other failures associated with their tech products or services.

EPL insurance primarily provides coverage against employment claims made against employers by their employees. These policies typically cover wrongful employment practices such as allegations of discrimination, sexual and workplace harassment, wrongful termination, and retaliation. As biometrics tools become increasingly used in tracking, monitoring, and evaluating employees, there is potential for these tools to lead to allegations of discrimination. When employers use such systems to monitor employee productivity, employees may feel unjustly targeted, leading to hostile work

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environment claims. EPLI policies can cover defense or settlement costs for these types of claims.

III. FRT and Biometrics Claims and Insurance Company Response

FRT already has begun spawning lawsuits over its use under various statutory and common law privacy causes of action. These suits seek large damages awards such as those originally sought under BIPA before the Illinois legislature limited the damages recoveries available under that statute. Before that legislative change, however, the initial tidal wave of BIPA claims propelled a subsequent wave of coverage litigation.

Insurance companies have aggressively fought these claims in court, first relying on common exclusions in CGL and other liability insurance policies such as those for “Access or Disclosure of Confidential or Personal Information,” “Recording and Distribution of Material in Violation of Law,” and “Employment-Related Practices.” Policyholders initially found success defeating these exclusions in court, such as in the landmark West Bend Mutual Ins. Co. v. Krishna Schaumburg Tan decision where the Illinois Supreme Court found a duty to defend a BIPA claim under a CGL policy.

The proliferation of privacy laws means that no company can afford to be complacent.

Insurance companies adapted by introducing even more restrictive exclusions specifically targeting the collection of data and violations of biometric privacy laws. As a result, it is critical to work with knowledgeable insurance brokers to review your entire insurance portfolio, identify potential gaps, and negotiate the broadest possible coverage before a claim is made. And when a claim does occur, it is often beneficial to engage experienced coverage counsel early on to head off some of the typical insurance company efforts to avoid coverage.

In conclusion, facial recognition and other biometric technology offer powerful tools for businesses but also present added risk that may lead to a perilous legal and financial landscape. The proliferation of privacy laws means that no company can afford to be complacent. The key to navigating this environment is a proactive strategy focused on rigorous compliance and diligent risk management. Companies also must regularly review their insurance coverage with brokers and counsel to mitigate the risk of potentially devastating lawsuits.

The Forever Chemical and the Duty to Defend

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Pervasive in their presence, ubiquitous in the environment, and carcinogenic to humans, per- and polyfluoroalkyl ("PFAS"), or as they are colloquially known, 'Forever Chemicals', are synthetic chemicals. They are found in a wide variety of everyday products such as firefighting foam, shoes, carpets and clothing. In the past several years, PFAS have spawned a surge in lawsuits alleging, among other actions, bodily injury. The largest – Aqueous Film-Forming Foams (AFFF) Products Liability Litigation MDL No.2873 - is a multidistrict litigation with over 10,000 cases. As recently as September 2, 2025, 37,446 new claims were filed in that lawsuit. Currently, primary chemical manufacturers of PFAS chemicals are facing the brunt of these lawsuits, but experts suggest that soon the reckoning will arrive for companies which incorporate PFAS into their products.

The cost of defending these lawsuits is astronomical. For instance, in *Wolverine World Wide, Inc. v. American Insurance Company*, Case No. 1:19-cv-00010-JTN-ESC, 2001 WL 5548103 (W. D. Mich. June 15, 2021), the policyholder submitted invoices for defense costs of PFAS actions totaling more than $80 million. Settlements and verdicts in these PFAS actions have also been high. In V*igneron v. E. I. du Pont de Nemours and Company*, Case No.: 2:13-CV-00136 (S.D. Ohio) a jury awarded a plaintiff $2 million in compensatory damages and $10.5 million in punitive damages for the plaintiff's PFAS exposure and allegedly resulting testicular cancer.

Insurance companies see the writing on the wall and are seeking to shirk their contractual obligations to their policyholders by denying their duty to defend. Reflexively, insurance companies are seeking to hide behind their so-called "absolute" pollution exclusion. But in the personal injury context, toxic exposure plaintiffs allege they are injured – not polluted. Recently, several decisions have re-affirmed that the pollution exclusion does not apply to plaintiffs who allege direct exposure to PFAS. This duty to defend may apply regardless of whether the insurance policies contain a so-called "absolute" pollution exclusion or a so-called "qualified" pollution exclusion.

In *Century Indemnity Company v. Tyco Fire Products*, Case No. 2022-CV-000283 (Wis. Cir. Ct. Marinette Cnty. July 7, 2025) Tyco Fire Products filed a cross motion for partial summary judgment seeking a declaration that the absolute pollution exclusions contained in post-2010 insurance policies do not bar coverage for liability arising from the underlying firefighter plaintiffs' alleged direct exposure to AFFF. The Court upheld Tyco's motion, holding that under Wisconsin law, pollution exclusions apply only when a contaminant has been "discharged, dispersed, released or escaped" into the

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environment – not when plaintiffs allege harm from personal contact with a product containing the allegedly harmful substance. Therefore, the court held, "the Post-2010 Pollution Exclusions do not apply to firefighter claims where the alleged mechanism of injury arises from direct contact with AFFF resulting from exposures caused by the handling of AFFF concentrate, mixing AFFF into solution and/or preparing AFFF for use; or for the actual use of the AFFF-containing solution for firefighting efforts."

In *National Foam, Inc. v. Zurich American Insurance Company,* 768 F.Supp.3d 1009 (N. D. Cal. Feb. 26, 2025), the District Court considered, among two other issues, whether the pollution exclusion contained within National Foam's purchased policies applies to the claims of nineteen current or former firefighters who alleged injuries resulting from their exposure to National Foam's products during their employment. The court held that the exclusion did not apply, reasoning, as in *Tyco*, that the harms alleged by the firefighters did not arise from pollution in any recognizable sense. Rather, the firefighters were exposed to PFAS through their ordinary use of National Foam's products, not via general environmental pollution. Thus, the pollution exclusion did not apply, and the insurance company had a duty to defend these claims.

In *Colony Insurance Company v. Buckeye Fire Equipment Co.*, DOCKET NO. 3:19-CV-00534-FDW-DSC, 2020 WL 6152381 (W.D. N.C. Oct. 20, 2020), Buckeye Fire Equipment Co. ("Buckeye") was sued in hundreds of underlying cases, relating to its manufacture of fire equipment containing AFFF. The insurance company sought to exclude coverage for Buckeye's claims under the so-called "absolute" pollution exclusion contained in its policies. Here too, the court held that, because the underlying complainants allege injury caused by something other than traditional environmental pollution, the insurance company could not deny coverage to Buckeye with respect to the underlying claims alleging direct exposure.

Under historic insurance policies containing the pre-1985 so-called "qualified" pollution exclusion, which contained an exception for "sudden and accidental" discharges, the result has been the same, though for a different reason. In *Wolverine World Wide, Inc. v. American Ins. Co.*, Case No. 1:19-cv-00010-JTN-ESC, 2021 WL 5548103 (W.D. Mich. June 15, 2021), Wolverine, a footwear manufacturer, was named as a defendant in hundreds of individual tort actions, three consolidated class actions, an individual landowner action, and two governmental enforcement actions, which in part, arose from Wolverine's historic use in manufacturing of various chemicals, including PFAS, beginning in 1958. Unlike the cases discussed above, this was a case of alleged environmental pollution, with chemicals including PFAS appearing in groundwater.

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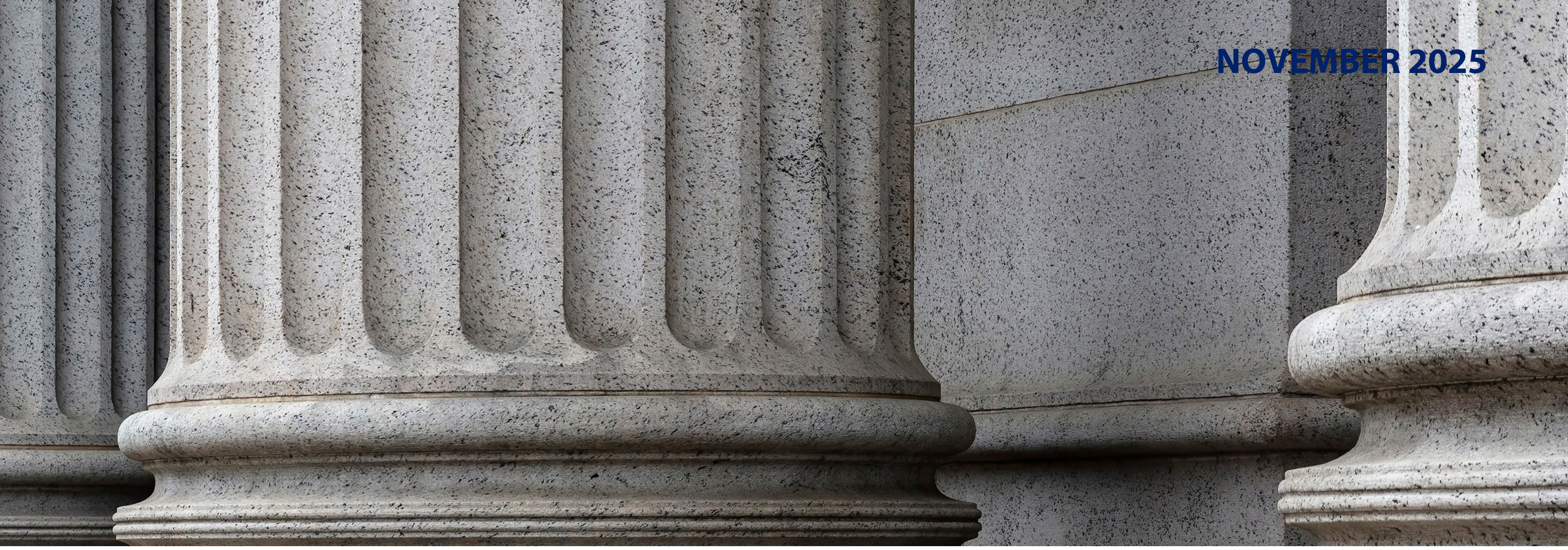

Policyholders who believe they may have potential PFAS exposure should immediately search for their current and historic insurance policies.

Wolverine's insurance companies denied coverage, citing the pollution exclusion. Wolverine sued, alleging that the insurance companies breached their duty to defend. The Court agreed, holding that certain insurance companies breached their duty to defend Wolverine. The court noted that, because the factual record was open at this time, it was unclear whether any of the alleged polluting events were "sudden or accidental" or "unexpected or unintended."

Policyholders who believe they may have potential PFAS exposure should immediately search for their current and historic insurance policies. They should also be aware of the potential disputes with their insurance company regarding the duty to defend and inevitable indemnity issues. Most importantly, policyholders must be willing to push back and fight against insurance companies' attempts to invoke pollution exclusions in cases where they do not apply.

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We invite you to contact the authors with any questions.