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## CASE SUMMARY: AN INCIDENT IN A PARTY BUS AROSE FROM “OWNERSHIP, USE OR OPERATION” OF THE BUS”

Insurance law – Automobile insurance – Ownership, use or operation of motor vehicle;  
Commercial general liability insurance – Duty to defend – Exclusions

*Party Bus Atlantic Inc. v. Temple Insurance Co.*

Claims relating to negligent business practices after a patron fell on the insured’s party bus, while non-derivative of the negligent operation claims, arose from or owed their existence to the ownership, use or operation of a bus used in an expected manner such that the claims were excluded from coverage under the CGL policy and no duty to defend arose on the part of the CGL insurer.

[2016] N.S.J. No. 144

2016 NSSC 96

Nova Scotia Supreme Court

April 12, 2016

J.S. Campbell J.

The insured, the operator of a party bus, was sued after a patron fell while riding the bus. The patron alleged that the insured was negligent: in the operation of the bus; in failing to ensure occupants were seated and secure; by permitting alcohol on the bus and spillage of alcohol on the floor; and that the users of the bus were encouraged to engage in drunken, inappropriate and unsafe behavior. The automobile insurer took no issue with the duty to defend the claim relating to the operation of the bus. However, the automobile insurer sought a declaration that the CGL insurer was obliged to defend the portions of the claim relating to corporate practices and policies that fell outside the scope of typical automobile related policies. The CGL insurer relied on an exclusion in the CGL policy that excluded claims arising out of the use, ownership or operation of a motor vehicle.

The automobile insurer argued that there was concurrent liability arising out of the operation of a business. The court agreed that the allegations relating to business practices could be seen as self-standing and not derived from the operation of the bus. However, in the circumstances, the court held that business practices allegations arose directly out of the use and ownership of a bus used in an ordinary and expected manner, namely conveying people. Therefore any liability arose from or owed its existence to the ownership and other aspects of operation of the bus and fell squarely within the exclusion such that coverage was clearly and unambiguously excluded. The application was dismissed in the CGL insurer’s favour.

This case was digested by [Michael J. Robinson](#) and edited by [David W. Pilley](#) of Harper Grey LLP. If you would like to discuss this case further, please feel free to contact them directly at [mrobinson@harpergrey.com](mailto:mrobinson@harpergrey.com) or [dpilley@harpergrey.com](mailto:dpilley@harpergrey.com) or review their biographies at <http://www.harpergrey.com>.