

# Efficient Proximate Cause Rule Clarified: Coverage Hinges on the Dominant Peril

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In the world of property insurance claims, a familiar scenario arises when an insured seeks a full roof replacement after the roof has exceeded its useful life. The roof is visibly deteriorated, and a minor wind event becomes the proverbial “straw that breaks the camel’s back.” The claim that follows presents a fundamental coverage question: was the loss caused by a covered peril—wind—requiring the insurer to pay for a new roof? Or, was the loss caused by excluded conditions, such as deterioration or wear and tear, which the policy does not cover? The answer to this question often determines whether the insurer owes their insured tens of thousands of dollars—or nothing at all.

In *Stella Property Development and Event Production v. Auto-Owners Insurance*, 2026 WL 221489 (W.D. Pa. 2026), the U.S. District Court for the Western District of Pennsylvania addressed three issues that are often central to these types of claims: Pennsylvania’s “causation” analysis, the scope and application of ensuing loss clauses, and the evidentiary threshold for maintaining statutory bad faith claims.

Following a windstorm, Stella submitted an insurance claim, alleging extensive wind damage to nearly all facets of their roof. Auto-Owners Insurance had issued Stella a commercial property policy, covering the Casimir Cultural Center, a historic building

located in Johnstown, Pennsylvania. As typical, the policy insured against “direct physical loss of or damage to” the structure, subject to various exclusions.

After retaining Hancock Claims Consultants, Inc. and Rimkus Consulting Group, Inc. to conduct inspections, Auto-Owners concluded that the roof had not been damaged by a single wind event, but rather, was in a deteriorated state due to age, decay, and wear and tear. Accordingly, Auto-Owners denied coverage pursuant to the policy’s “wear and tear” and “inadequate maintenance” exclusions. The denial letter specifically stated:

"Our findings indicate that the deteriorated condition of your shingles due to decay and wear and tear are what caused the shingles to dislodge. In their deteriorated state, the shingles are no longer properly bonded, sealed and secured to the roof surface and cannot resist any wind uplift. Due to the exclusions discussed above, we regret that we will be unable to assist you or make payment for the damages."

Stella filed suit, asserting claims for breach of contract and statutory bad faith. The parties ultimately filed cross-motions for summary judgment, prompting a 32-page memorandum opinion by Judge D. Brooks Smith.

## Causation

The “entire premise” of Stella’s argument was that, even if the roof exhibited wear and tear, the policy exclusions did not bar coverage under Pennsylvania’s “efficient proximate cause” doctrine. According to Stella, “a loss is covered under the insurance policy when the loss is caused by a covered peril, even though other excluded perils contributed to the loss.”

However, in briefing the issue, Stella also invoked what courts in other jurisdictions described as the “concurrent causation” doctrine. Under that theory, coverage is triggered when a covered peril (wind) played *any* causal role in the loss, even if excluded perils also contribute. Stella therefore argued that its claim was covered given Auto-Owners’ concession that “wind uplift” played some role in the roof damage.

Before addressing the merits of Stella’s argument, the district court first clarified the distinction between these two causation theories:

The “efficient proximate cause” doctrine focuses on the sequence of causation and asks which peril set the loss in motion—or was the “triggering” cause. Under this framework, coverage exists when a covered peril “sets into motion the chain of events” that ultimately produces the loss, even if excluded perils contribute along the way.

By contrast, the “concurrent causation” doctrine applies where covered and excluded perils operate as independent, simultaneous causes of the same loss. It permits coverage so long as the covered

peril is a “concurrent proximate cause” of the loss, even if not the “prime” or “efficient” cause.

The district court noted, however, that the distinction between these doctrines is often blurred in practice. Regardless of the labels, “courts often collapse the analysis into a single inquiry focused on identifying the proximate or predominant cause of the loss.”

Looking to *Trexler Lumber v. Allemannia Fire Insurance of Pittsburgh* for guidance, the district court predicted that the Pennsylvania Supreme Court would apply the “efficient proximate cause” doctrine in a predominant-cause sense. Under that framework, Stella’s claim was not defeated merely because excluded perils contributed to the loss. Instead, the dispositive question was whether the covered peril was the “dominant and efficient” cause of the loss, as opposed to merely a “remote” or “incidental” cause. The district court held that determination ultimately belonged to the fact-finder.

## Ensuing Loss Clauses

The policy’s wear and tear and maintenance exclusions each contained ensuing loss provisions, albeit with slightly different wording. Despite the differing language, the district court’s interpretation was consistent: while wear and tear and inadequate maintenance may affect how a roof performs during a windstorm, neither “results in” a windstorm—as required by the policy language.

### ***Wear and Tear***

The policy's wear and tear exclusion outlined that loss or damage "caused by or resulting from" wear and tear was excluded. However, if the wear and tear resulted in a "specified cause of loss," Auto-Owners would pay for the loss or damage caused by that specified cause of loss. The policy defined "specified cause of loss" to include several named perils, including windstorm.

Stella argued that this language was designed to address "independent mixed-causation scenarios," meaning that if wear and tear and a covered peril (wind) combined to produce the damage, the loss would be covered. The district court rejected that interpretation, and instead agreed with Auto-Owners reading of the policy—that the ensuing loss clause applied only when the excluded condition resulted in the peril itself, at which point the insurer would pay for "the loss or damage caused by that" ensuing peril. To illustrate why that conclusion was correct, the district court substituted the relevant policy terms into the ensuing loss clause, holding: "If wear and tear ... results in a windstorm ... we will pay for the loss or damage caused by that windstorm." Because the wear and tear did not "result in" a windstorm, the ensuing loss clause did not reinstate coverage. Making the roof more susceptible to wind damage was not enough.

### ***Inadequate Maintenance***

Stella fared no better under the maintenance exclusion. That exclusion outlined that the policy excluded loss or damage "caused by or resulting from ... faulty, inadequate or defective:

- Planning, zoning, development, surveying, siting;
- Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- Materials used in repair, construction, renovation or remodeling; or
- Maintenance of part or all of any property on or off the described premises."

However, if the inadequate maintenance "results in a covered cause of loss," Auto-Owners would pay for the loss or damage caused by that "covered cause of loss." The policy defined "covered cause of loss" as "risks of direct physical loss." The district court emphasized that because the term "risk" referred to the peril itself, and not the resulting damage, what the policy actually insured against was the "direct physical loss of or damage to" the property caused by a covered risk.

Accordingly, the district court again held that for the ensuing loss clause to apply, the excluded condition must "result in" a new, distinct covered peril that then caused separate loss or damage. Simply leaving the roof more vulnerable to wind damage is insufficient. While inadequate maintenance may bear on how the roof performed under windy conditions, it did not "result in" a windstorm. Consequently, the ensuing loss clause did not reinstate coverage.

### ***Bad Faith Claim***

Finally, the district court dismissed Stella's bad faith claim as a matter of law, concluding that Auto-Owners' coverage

determination was supported by a thorough investigation and well-founded expert opinions.

In reaching its coverage decision, Auto-Owners conducted multiple inspections of the property and relied on the detailed investigative materials and expert assessments generated during the claim investigation. Those findings consistently attributed the roof damage to long-term deterioration and wear and tear, rather than to any single wind event. Accordingly, the district court held that Auto-Owners had “an objectively reasonable basis” to conclude that wear and tear and inadequate maintenance—rather than a covered windstorm—was the dominant and efficient cause of the loss, and that the policy’s exclusions applied.

## Takeaway

The *Stella* decision offers meaningful guidance on how Pennsylvania courts are likely to evaluate property claims involving competing causes of loss. Insurers adjusting claims where both covered and excluded perils may be implicated should carefully consider the district court’s causation analysis and its treatment of ensuing loss provisions.



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