

# Relationship Limits: 11th Circuit Reaffirms “Relating To” in Insurance Policy Exclusions

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Insurers often rely on introductory phrases in exclusions, such as the phrase “relating to,” to expand the scope of exclusions beyond all reasonable bounds. The Eleventh Circuit recently reaffirmed that insurance exclusions — including those broadly drafted to exclude any claim “relating to” an excluded risk — should have meaningful limits and must be interpreted narrowly. Insurers cannot stretch exclusions to cover every claim with a remote or tangential connection to an excluded risk. This decision protects policyholders from losing coverage simply because an insurer can imagine a tenuous link between a claim and an exclusion. For policyholders, the ruling means a better chance of securing coverage, even when insurers push exclusory language beyond its reasonable bounds.

## The Underlying Coverage Dispute

In the Eleventh Circuit case, the state seized the assets belonging to two spouses and their respective businesses. The spouses hired lawyers, but those lawyers failed to warn them about the risks of joint representation. While the case was being settled, the clients divorced. After the settlement, one client alleged that the lawyers improperly distributed assets belonging to her or her company to the other client or his company. She sued the lawyers for malpractice and breach of trust. The lawyers’ insurer tried to avoid coverage by citing a policy exclusion for claims “relating to any conversion, improper commingling, or misappropriation” of client assets.

## Why Policyholders Should Pay Attention

Many policyholders know this scenario all too well. Insurers often draft exclusions using vague terms, such as provisions that bar coverage for any claim “relating to” an excluded event. When a claim arises, insurers invoke this vague standard to deny coverage if they can find even the slightest connection between the claim and the exclusion. This tactic leaves policyholders exposed, even when the connection is far-fetched or nonsensical.

## The Eleventh Circuit’s Analysis: Narrow Means Narrow

The Eleventh Circuit rejected the insurer’s broad interpretation. While the case included allegations of misappropriation or commingling, the heart of the malpractice claim centered on the lawyers’ failure to recognize and advise their clients about potential conflicts of interest. The court rejected the insurer’s argument that these allegations meant the claim was “involving or relating to any conversion, improper commingling, or misappropriation.” Under Georgia law, the court explained, exclusions must be interpreted strictly against the insurer and in favor of coverage. Citing the Supreme Court’s decision in *New York State Conf. of Blue Cross & Blue Shield Plans v. Travelers Ins. Co.*, the Eleventh Circuit warned against reading “relating to” so broadly that it covers every possible connection — “for really, universally, relations stop nowhere.”

## Takeaway for Policyholders

The Eleventh Circuit’s decision underscores the importance of challenging claim denials based on policy exclusions. Policyholders should scrutinize the actual requirements of any exclusion, ask whether it truly applies to the substance of the claim, and push back against overbroad insurer interpretations. Courts will enforce exclusions, but they won’t let insurers stretch them to the breaking point just to deny coverage. Exclusions must be interpreted narrowly and in line with a policyholder’s reasonable expectations.

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