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What Hotel Owners Need to Know About Pennsylvania's New Sex-Trafficking Insurance Ruling

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What hotel owners and operators should understand about the recent July 2026 Pennsylvania Supreme Court holding in Samsung Fire and Marine Insurance Co. Ltd. et al. v. RI Settlement Trust et al.

On July 21, 2026, the Supreme Court of Pennsylvania issued an important insurance-coverage decision for the hospitality industry. In *Samsung Fire and Marine Insurance Co. Ltd. et al. v. RI Settlement Trust et al.*, the Court held that Pennsylvanias public policy against sex-trafficking does not, by itself, eliminate an insurers duty to defend or indemnify its insured, a hotel business, accused of enabling or profiting from trafficking.

The ruling is significant because sex-trafficking lawsuits against hotels often allege that owners, operators, and managers ignored warning signs, failed to train or supervise employees, rented rooms despite suspicious activity, or financially benefitted from room revenue. Insurers have increasingly argued that even if the insurance policy language might otherwise trigger coverage, public policy should prevent a hotel from obtaining a defense or indemnity for those claims. Pennsylvanias highest court rejected that categorical position.

A Coverage Dispute Rooted in Alleged Sex Trafficking

The *RI Settlement Trust* case arose from four civil lawsuits brought by women who alleged that, while minors, were victims of sex trafficking at Philadelphia hotels. They sued the hotel entities, alleging negligence in failing to stop the trafficking. The hotel entities carried primary commercial general liability coverage from various insurers.

The insurers initially defended the hotel policyholders subject to reservation of rights, but later sought a declaration that they owed no duty to defend or indemnify. Among other arguments, the insurers contended that the alleged conduct would violate Pennsylvanias Human Trafficking Law, 18 Pa. C.S. Section 3011, and that providing coverage would offend public policy.

The federal District Court accepted the public-policy argument and entered judgment for the insurers without deciding the separate policy-language defenses. On appeal, the U.S. Court of Appeals for the Third Circuit asked the Pennsylvania Supreme Court to grant review of two certified questions of law: (1) whether Pennsylvania law had an overriding public policy against sex trafficking, such that an insurers duty to defend and/or indemnify is abrogated when an insured is alleged to have enabled or profited from such trafficking; and (2) if yes, is that duty abrogated whenever the insureds alleged conduct would constitute a violation of the Pennsylvania Human Trafficking statute.

The Pennsylvania Supreme Court's Key Finding

In a unanimous decision, the Supreme Court held that Pennsylvanias public policy against sex trafficking does not, by itself, eliminate insurance coverage that otherwise exists under an insurance policy. Although the Court acknowledged that the General Assembly expressed a strong policy against sex-trafficking by criminalizing it, the Court concluded that Pennsylvanias human trafficking the statute does not authorize judges to create an insurance exclusion where the insurance policy itself is silent. Justice Wecht authored a concurring opinion, explaining, [i]t is not the role of the courts to establish public policy, rooting around until we find a dominant public policy solely to let the insurance carriers out of the contractual obligations to which they freely agreed to be bound. In other words, the existence of a strong public policy does not permit courts to rewrite the terms of an insurance contract to create an exclusion that the insurer did not include.

The Court also drew a clear distinction between criminal liability and insurance coverage, declining to extend its prior decision in *Minnesota Fire & Casualty Co. v. Greenfield*, 855 A.2d 854 (Pa. 2004), which involved the illegal sale of heroin. Insurers relied on *Greenfield* to support a broader public-policy exception to coverage. The Court, however, explained that *Greenfield* was only a pluraty opinion and therefore did not establish binding precedent. Justice Wechts concurrence further relied upon Chief Justice Cappys dissent in *Greenfield*, which cautioned that creating a public-policy exception effectively requires courts to rewrite an insurers contract to correct its errors in business judgment, a task that is outside the proper role of the judiciary.

What Hotel Owners and Insurers Should Take Away

This decision is a meaningful win for Pennsylvania hotel owners and other businesses facing claims arising from alleged third-party criminal conduct on their premises. It prevents insurers from using a broad public-policy theory to bypass the language they selected when drafting and selling the policy. At the same time, hotel owners should understand that the decision by no means guarantees coverage.

Coverage Still Depends on the Policy's Language

The decision does not mean that every hotel facing a sex-trafficking claim will have coverage. Policyholders still must establish that the allegations fall within the policys coverage grant and are not barred by an applicable exclusion or other policy provision.

Hotel owners and operators should therefore review their liability policies carefully and work with experienced coverage counsel to assess the scope of the duty to defend and, ultimately, any obligation to indemnify. The decision does, however, make clear that insurers cannot rely solely on a generalized public-policy argument to avoid their contractual obligations.

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