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New York Law Journal

Southern District Rules That New York Choice of Law Clauses in Insurance Policies Are Enforceable

By THEODORE A. KEYES and FAITH W. PANG

May 15, 2025

Relying on New York State Court of Appeals' precedent, the Southern District recently confirmed that New York choice of law clauses in insurance policies are enforceable regardless of whether the parties have New York contacts.

The court first held that Section 5-1401 of the New York General Obligations Law expressly provides that New York choice of law clauses in contracts involving a transaction of at least $250,000 are enforceable whether or not the parties reside in New York or the contract was issued or negotiated in New York.

Next, the court went further, holding that even clauses in contracts not governed by Section 5-1401 are enforceable regardless of the parties' New York contacts and without the need for a conflict of laws analysis.

Cajun Conti, LLC v. Starr

The Southern District addressed the enforceability of contractual choice of law clauses in the context of an insurance dispute over damage to property in Louisiana caused by a hurricane. The case was brought by plaintiff policyholder Cajun Conti, a limited liability company organized under the laws of Louisiana that has members and agents domiciled in Louisiana, and a principal place of business in Louisiana.

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The defendant, Starr, is a surplus lines insurer authorized to do business in Louisiana but organized and domiciled in Texas. Starr issued a property insurance policy to Cajun Conti with a $15,350,000 limit of liability per occurrence, subject to various deductibles.

The policy contained a choice of law and forum selection clause selecting New York law and requiring any action to be filed in a New York forum, stating that "any suit, action or proceeding against the Company must be brought solely and exclusively in New York state court or a federal court sitting within the state of New

York." *Cajun Conti, LLC v. Starr Surplus Lines Ins. Co., 2025 U.S. Dist. LEXIS 43232, at *4 (S.D.N.Y. March 11, 2025)*.

The clause also provided that "the laws of the state of New York shall solely and exclusively be used and applied in any suit, action or proceeding, without regarding to choice of law or conflict of law principles."

Cajun Conti initially filed suit against Starr in the United States District Court for the Eastern District of Louisiana alleging that it had suffered significant property damage caused by Hurricane Ida and that Starr failed to pay the full benefits owed to it under the policy.

Starr filed a motion, opposed by Cajun Conti, to transfer the case to New York based on the mandatory forum selection clause in the policy. The District Court granted Starr's motion and transferred the case to the Southern District of New York.

In an Opinion and Order issued on March 11, 2025 addressing the parties' motions for summary judgment, the Southern District ruled that the choice of law and forum selection clause in the Starr policy was enforceable and governed the dispute.

The court first relied on Section 5-1401 of the General Obligations Law, which provides that the parties to any contract involving a transaction of at least $250,000 "may agree that the law of [New York] shall govern their rights and duties in whole or in part, whether or not such contract, agreement or undertaking bears a reasonable relation to [New York]".

Since the contract involved a transaction of at least $250,000, the court held that the clause was enforceable regardless of the parties' contacts to New York or where the contract was issued or negotiated and without the need for a conflict of law analysis.

The Southern District rejected Cajun Conti's argument that the contract at issue did not involve at least $250,000 because the original premium paid for the policy was only $108,785. As the policy had a limit of liability of approximately $15,350,000 per occurrence, the Southern District held that the dispute fell within the scope of Section 5-1401.

Consistent with Court of Appeals Precedent

Next, the Southern District held that, regardless of whether Section 5-1401 applied, New York Court of Appeals' precedent required enforcement of Starr's choice of law and forum selection clause.

The court first discussed *Ministers & Missionaries Benefits Board v. Snow, 26 N.Y.3d 466 (2015)*, in which the Court of Appeals had ruled that New York courts should not undertake a conflict of laws analysis if a choice of law provision is included in the contract in question – even if the contract is not within the scope of Section 5-1401.

The court of Appeals explained that performing a conflict of law analysis despite a choice of law provision would "contravene the primary purpose of including a choice of law provision in a contract – namely, to avoid a conflict of laws analysis – and would "interfere with, and ignore, the parties' intent, contrary to the basic tenets of contract interpretation."

The Southern District also discussed *Petróleos de Venezuela S.A. v. MUFG Union Bank, N.A., 41 N.Y3d 462 (2024)*, in which the Court of Appeals reaffirmed the principle that "when the parties have chosen New York Law, a court may not contravene that choice through common-law conflicts analysis."

Similarly, in *IRB-Brasil Resseguros S.A. v. Inepar Invs., S.A., 20 N.Y.3d 310, 316 (2012)*, the court of Appeals held that conducting a conflict of laws analysis in spite of the parties' express desire to apply New Yok law would frustrate the legislature's intent.

The court referred to Section 5-1401, explaining that the statute was passed in 1984 with the goal of permitting parties with multi-jurisdictional contacts to avail themselves of New York law and a New York forum to resolve disputes and eliminate uncertainty.

According to the Southern District, that legislative intent supports enforcement of choice of law and forum selection clauses whether Section 5-1401 governs or not.

Louisiana Code and Public Policy Arguments Fail

Cajun Conti argued that the choice of law clause in the policy violated the Louisiana Insurance Code, thus making the choice of law provision void and unenforceable.

The Louisiana Insurance Code states that no insurance contract delivered or issued for delivery in Louisiana covering subjects located in Louisiana shall contain any condition requiring it to be construed according to the law of any other state or country. According to Cajun Conti, the Louisiana Insurance Code voided the choice of law clause from the moment the contract was formed.

The Southern District rejected this argument, noting that the same position had been previously rejected by recent Southern District precedent. *My Investments LLC vs. Starr Surplus Lines Insurance Co., No. 23 Civ. 4229 (VEC), 2024 U.S. Dist. LEXIS 211729, 2024 WL 4859027, at *3 (S.D.N.Y. Nov. 20, 2025)*. According to the Court, "[b]ecause New York choice-of-law principles apply, and because 'the Courts of New York . . . refuse[] to consider the public policy of foreign states . . . to overturn an otherwise valid contractual law provision,' . . . Section 22:868(c) of the Louisiana Insurance Code is irrelevant" and does not void the choice of law clause. *Cajun Conti, LLC v. Starr Surplus Lines Ins. Co., 2025 U.S. Dist. LEXIS 43232, at *14 (S.D.N.Y. March 11, 2025)*.

The court also rejected Cajun Conti's argument that a public-policy exception to the rule of *Ministers & Missionaries Benefits* mandates that the court conduct a conflicts of law analysis. First, the court explained that because Section 5-1401 governed the dispute, that alone distinguished the case from the cases relied upon by Cajun for its public policy exception argument.

Additionally, conducting a conflicts analysis would be contrary to the Court of Appeals' holding that courts should apply the law that the parties chose to govern their contract.

Looking Forward

The Southern District *Cajun Conti* ruling provides strong precedent in favor of the enforcement of choice of law and forum selection clauses in insurance policies. According to the ruling, consistent with legislative intent and Court of Appeals precedent, such clauses are to be enforced without a conflict of laws analysis and without regard to where the contract was issued or negotiated or where the parties reside.

The court referenced the legislative purpose of encouraging a predictable contractual choice of law and rejected the argument that the statutes or public policy of other states should be considered to alter the analysis.

In sum, provided the issue is decided in a New York forum, litigants should be confident that courts will enforce choice of law and forum selection clauses in insurance policies.

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