

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF IOWA
DAVENPORT DIVISION

ILLINOIS CASUALTY COMPANY,	)	Case No. 3:25-cv-00028-SMR-SBJ
	)	
Plaintiff,	)	
	)	ORDER ON MOTION FOR SUMMARY
v.	)	JUDGMENT
	)	
LOS AGAVES, INC. d/b/a LOS AGAVES	)	
MEXICAN GRILL,	)	
	)	
Defendant.	)	

Plaintiff Illinois Casualty Company sued Defendant Los Agaves, Inc., its insured, seeking a declaration of its rights under the parties' insurance contract. [ECF No. 1]. Los Agaves filed a breach of contract counterclaim. [ECF No. 6]. Illinois Casualty now moves for summary judgment. [ECF No. 19]. For the reasons that follow, Illinois Casualty's motion is GRANTED.

I. BACKGROUND¹

Los Agaves is a restaurant chain with four locations in the Quad Cities area. [ECF No. 19-1 ¶ 1]. It is owned and operated by Ernesto Leon and Margarita Santillan. *Id.* ¶ 2. Leon is responsible for employment issues, and Santillan serves as human resources lead. *Id.* ¶¶ 3, 4. When Santillan is absent, Leon and another manager share her responsibilities. *Id.* ¶ 4.

In 2016, a female employee filed a sexual harassment complaint against Los Agaves with the Iowa Civil Rights Commission. *Id.* ¶ 5. Los Agaves did not have insurance coverage for this

¹ The facts are drawn from the summary judgment record, including the parties' statements of undisputed material fact and supporting materials. The Court views the evidence in the light most favorable to the nonmoving party, and draws all reasonable inferences in that party's favor. *See Reed v. City of St. Charles*, 561 F.3d 788, 790 (8th Cir. 2009).

claim, but hired an attorney to defend against it. *Id.* ¶¶ 6, 7. The parties were unable to resolve the claim through mediation. *Id.* ¶ 8.

In April 2023, Los Agaves purchased an insurance policy from Illinois Casualty that included an Employment-Related Practices Liability Endorsement (“EPL”). [ECF No. 21-1 ¶ 13].² The endorsement has a retroactive coverage date of April 6, 2018, and requires Illinois Casualty to defend and indemnify Los Agaves in certain circumstances. [ECF Nos. 19-1 ¶ 10; 19-2 at 236–38]. Section B(5)(b) covers damages arising out of “employment practices” unless that practice commenced before the retroactive date. [ECF No. 19-1 ¶ 13]. The endorsement specifies that an “interrelated” series of “employment practices” shall be treated as a single claim, deemed to have been made when the first claim is made. *Id.* ¶ 14. “Interrelated” is defined as “having as a common connection any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions, or causes.” [ECF No. 19-2 at 250]. Los Agaves must promptly notify Illinois Casualty of potential claims. [ECF No. 19-1 ¶ 12].

On July 5, 2023, the Equal Employment Opportunity Commission (“EEOC”) issued a Letter of Determination finding reasonable cause that Los Agaves had engaged in sex discrimination and retaliation against female employees. [ECF Nos. 19-2 at 25; 21-1 ¶ 1]. Los Agaves did not notify Illinois Casualty of this finding. [ECF No. 19-1 ¶ 19]. On September 29, 2023, the EEOC filed a complaint against Los Agaves in the United States District Court for the Southern District of Iowa, alleging Los Agaves had subjected four female employees

² Los Agaves did not file a response to Illinois Casualty’s statement of material facts as required by Local Rule 56(b). The Court independently evaluates each of Illinois Casualty’s statements, but is entitled to treat this failure as an admission of each fact. The Court also notes that counsel appears to have misspelled his own name throughout the resistance. *See, e.g.*, [ECF Nos. 20-1 at 6; 20-2 at 2].

to sexual harassment and engaged in unlawful employment practices “since at least August 2016.” [ECF Nos. 19-1 ¶ 18; 21-1 ¶¶ 2, 3].

Illinois Casualty learned of the EEOC complaint via a news report on October 10, 2023. [ECF No. 19-1 ¶ 22]. Illinois Casualty assigned its Senior Counsel and Director of Litigation, Jamie Flowers, to analyze Los Agaves’s insurance coverage. *Id.* ¶ 24. Los Agaves’s insurance agent informed Flowers that he understood that the EEOC’s complaint arose from facts predating the EPL Endorsement’s retroactive date. *Id.* ¶ 25. Similarly, Los Agaves did not believe that it had coverage because the EEOC allegations related to the 2016 sexual harassment claims submitted to the Iowa Civil Rights Commission—a fact Los Agaves confirmed to Illinois Casualty during its investigation. *Id.* ¶¶ 20, 26.

Illinois Casualty issued a formal denial letter stating it would not defend or indemnify Los Agaves for claims in the EEOC litigation, because the alleged employment practices commenced before the retroactive date. *Id.* ¶¶ 27–29. Illinois Casualty determined the claims predated coverage and were “interrelated” because they were “brought collectively.” [ECF No. 21-1 ¶ 8]. At that point, Illinois Casualty did not know the identity of the claimants in the EEOC proceedings or the factual basis for their claims. *Id.* ¶¶ 5–7. Nonetheless, Los Agaves agreed with Illinois Casualty’s denial of coverage. [ECF No. 19-1 ¶ 30].

Approximately ten months later, Los Agaves sought a reevaluation of Illinois Casualty’s coverage determination. *Id.* ¶ 32. Los Agaves submitted interrogatories from the EEOC litigation identifying four alleged victims of sexual harassment from 2013–2016—prior to the retroactive date of the EPL endorsement—and a previously unknown claimant of sexual harassment in 2018, whose alleged harassment fell within the coverage period. *Id.* ¶¶ 33–40; [ECF No. 21-2 ¶¶ 14, 15]. The 2018 claim was not included in the original EEOC complaint. [ECF No. 19-1 ¶ 41]. The

2018 claimant did not know any of the 2016 claimants, and her alleged harasser was not mentioned in the 2016 discovery. [ECF No. 21-2 ¶¶ 16–17].

Common themes connect the 2016 claims and the 2018 claim. All five individuals were former female employees of Los Agaves. [ECF No. 19-1 ¶ 34]. All were subjected to unwanted sexual advances and lewd jokes by male superiors; some were exposed to their male superiors' genitalia. *Id.* ¶¶ 35–39. All were allegedly harassed at the same Los Agaves location. *Id.* ¶ 42. All allegations were governed by the same Los Agaves sexual harassment policy. *Id.* ¶ 43. All employees accused of sexual harassment were subject to that same policy. *Id.* ¶ 44.

Los Agaves asked Illinois Casualty to defend and indemnify the 2018 claim, arguing it was distinct and unrelated to the 2016 claims. [ECF No. 21-1 ¶ 20]. Illinois Casualty denied, citing the interrelated nature of the alleged employment practices. *Id.* ¶ 28; [ECF No. 19-1 ¶ 46].

On April 18, 2025, Los Agaves entered into a consent decree with the EEOC to resolve that matter. *See EEOC v. Los Agaves, Inc.*, No. 3:23-cv-00065-SBJ, ECF Nos. 61, 79, 80 (S.D. Iowa). The Court subsequently enjoined Los Agaves and its employees from engaging in sexual harassment or retaliation, awarded \$225,000 in damages, and required revised sexual harassment, discrimination, and retaliation policies, enhanced recordkeeping, annual training, and posting of a public notice.

Illinois Casualty then filed this action seeking a declaration that it does not owe Los Agaves a duty to defend or indemnify for the claims in the EEOC lawsuit. [ECF No. 1 ¶ 2]. Illinois Casualty contends that Los Agaves's employment practices commenced prior to the policy's retroactive coverage date, that various exclusions apply, and that the underlying EEOC complaint falls outside the scope of other coverage provisions. *Id.* ¶¶ 22–33. Los Agaves counterclaims that Illinois Casualty breached the contract and acted in bad faith by refusing to defend and indemnify

the 2018 claim. [ECF No. 6 ¶ 1–18]. Illinois Casualty now moves for summary judgment on its declaratory judgment action. [ECF No. 19].³ Los Agaves resists. [ECF No. 20].

II. LEGAL STANDARDS

Summary judgment is designed “to isolate and dispose of factually unsupported claims or defenses.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 323–24 (1986). Summary judgment is thus appropriate when “the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). A fact is material if it “may affect the outcome of the lawsuit.” *TCF Nat’l Bank v. Mkt. Intel., Inc.*, 812 F.3d 701, 707 (8th Cir. 2016) (citation omitted). A dispute is genuine if the evidence would permit a reasonable jury to return a verdict for the nonmoving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986).

Courts must view the record in the light most favorable to the nonmoving party and draw all reasonable inferences in that party’s favor. *McGowen, Hurst, Clark & Smith, P.C. v. Com. Bank*, 11 F.4th 702, 710 (8th Cir. 2021) (citing *Torgerson v. City of Rochester*, 643 F.3d 1031, 1042 (8th Cir. 2011) (en banc)). If the moving party carries its initial burden, the nonmoving party must identify specific facts that create a genuine dispute precluding summary judgment. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586–87 (1986). Vague assertions of “metaphysical doubt” as to the material facts will not suffice. *Id.* at 586.

³ Illinois Casualty’s brief analyzes Los Agaves’s breach of contract counterclaim, but its motion seeks summary judgment only “on all of Plaintiff/Counterclaim Defendant’s claims.” [ECF No. 19 at 1]. Illinois Casualty also states, “Plaintiff’s breach of contract claim fails as a matter of law as Plaintiff failed to perform all the terms and conditions of the Subject policy.” [ECF No. 19-3 at 3]. But Illinois Casualty is the Plaintiff/Counterclaim Defendant, and it has not brought a breach of contract claim. If Illinois Casualty seeks summary judgment on Los Agaves’s counterclaim, it must request that relief in its motion.

A failure to respond to the moving party’s statement of material facts with appropriate appendix citation runs afoul of Local Rule 56(b). The Court is entitled to treat that failure as an admission of those facts. This rule exists because the Court has “neither the duty nor the time to investigate the record in search of an unidentified genuine issue of material fact to support a claim or a defense.” *Libel v. Adventure Lands of Am., Inc.*, 482 F.3d 1028, 1032–33 (8th Cir. 2007) (finding no abuse of discretion when the district court treated a statement of undisputed facts as admitted because the nonmoving party failed to comply with Local Rule 56).

III. ANALYSIS

Illinois Casualty moves for summary judgment on two grounds: (1) it did not breach the insurance policy and (2) it had a reasonable basis for denying coverage because the 2016 claims and 2018 claims were a series of interrelated employment practices. [ECF No. 19-3 at 3–12]. Los Agaves contends that genuine disputes of material fact exist on both issues. [ECF No. 20]. Los Agaves concedes there is no insurance coverage for the 2016 claims but argues the 2018 claim is distinct, entitling it to defense and indemnification. [ECF No. 20-3 at 6–17].

This case presents a threshold question of contract interpretation, before its application to the undisputed material facts. *See Norwalk Ready Mix Concrete, Inc. v. Travelers Ins.*, 246 F.3d 1132, 1136 (8th Cir. 2001). Under Iowa law, contract interpretation—here, the insurance policy—is a legal question ripe for adjudication at the summary judgment stage “unless the interpretation of the contract depends on extrinsic evidence.” *Hallmark Specialty Ins. v. Phx. C&D Recycling, Inc.*, 527 F. Supp. 3d 1032, 1056 (S.D. Iowa 2020) (quoting *Alta Vista Props., LLC v. Mauer Vision Ctr., PC*, 855 N.W.2d 722, 726 (Iowa 2014)). Summary judgment is inappropriate only when applying the contract to genuinely disputed facts may affect the outcome of the lawsuit. *Id.* at 1040 (citing *Villanueva v. City of Scottsbluff*, 779 F.3d 507, 510 (8th Cir. 2015)).

The EPL Endorsement modifies Los Agaves’s Businessowners Policy. [ECF No. 19-2 at 236]. It requires Illinois Casualty to pay for “‘damages’ arising out of any ‘employment practices’ to which this insurance applies.” *Id.* It also requires Illinois Casualty to defend any “suit” or “claim” seeking those damages. *Id.* at 236–38.

“Claim” is defined in several ways. *Id.* at 248–49. As relevant here, “claim” means oral or written notice presented by a former employee or the EEOC “alleging that the insured is responsible for ‘damages’ as a result of injury arising out of any ‘employment practices.’” *Id.* at 248. This includes civil proceedings where damages are alleged or fact-finding will occur, “when either is the result of any ‘employment practice’ to which this insurance applies.” *Id.* A claim is deemed to have been “made” when notice of that claim is received by Los Agaves or Illinois Casualty. *Id.* at 237.

The EPL coverage is subject to several limitations and exclusions. Illinois Casualty need only pay “damages” arising from Los Agaves’s “employment practices” if those practices “did not commence before the Retroactive Date,” April 6, 2018. [ECF No. 19-2 at 237]. An “interrelated” series of “employment practices” constitute one “claim” made “at the time the first of those ‘claims’ is made.” *Id.* It is undisputed that the 2016 claims commenced before the retroactive date in the EPL Endorsement. [ECF Nos. 19-1 ¶¶ 27–30; 21-1 ¶ 4].

Illinois Casualty does not have a duty to defend or indemnify Los Agaves when the insurance coverage does not apply. [ECF No. 19-2 at 238]. The policy excludes coverage for employment practices that “were the subject of any demand, suit or other proceeding which was initiated against any insured” or “[f]acts and circumstances which would cause a reasonable person to believe a ‘claim’ would be made and which were known to any insured prior to the effective date” of the EPL coverage. *Id.* at 240.

Whether Illinois Casualty owes Los Agaves a duty to defend and indemnify turns on whether the 2016 claims and the 2018 claim constitute an interrelated series of employment practices. *See* [ECF No. 19-3 at 6–8]. The EPL Endorsement broadly defines “employment practice” to include “actual or alleged acts” of “[h]arassment, coercion, discrimination, or humiliation” on the basis of gender, sexual orientation, or sexual preference. *Id.* at 249–50. The EEOC alleged that Los Agaves engaged in sexual harassment, unlawful employment practices, and retaliation in violation of Title VII—conduct that satisfies this definition. [ECF Nos. 19-1 ¶ 18; 19-2 at 26]. Specifically, the EEOC alleged that male superiors subjected female employees to repeated physical abuse, audible viewing of pornography, exposure of genitals, lewd jokes, and sexual propositions, and that Los Agaves was aware of these behaviors but failed to remedy them. [ECF No. 19-2 at 25–29]. The undisputed material facts establish that such employment practices appeared in the 2016 claims and the 2018 claim. [ECF No. 19-1 ¶¶ 34–39].

The question thus becomes whether the 2016 claims and the 2018 claim alleged employment practices that were “interrelated.” The EPL Endorsement broadly defines “interrelated” to require only “a common connection” among “any” facts, circumstances, situations, events, transactions, or causes. [ECF No. 19-2 at 250]. The Eighth Circuit has cautioned against “micro-distinguishing” between claims when determining whether acts are related. *Kilcher v. Cont’l Cas. Co.*, 747 F.3d 983, 990 (8th Cir. 2014) (citation omitted). The mere fact that individuals may have been individually and uniquely harmed does not necessarily overcome a logical connection between claims. *Id.* at 989 (citation omitted). This is especially true when an insurance policy uses the term “any” to broadly describe the required connection. *See id.*; *Thomas v. Progressive Cas. Ins.*, 749 N.W.2d 678, 683–85 (Iowa 2008) (broadly defining the term “any”).

The interrelated nature of the 2016 claims and the 2018 claim is readily apparent. All claimants were female. [ECF No. 19-1 ¶ 34]. All allegedly suffered sexual harassment by male superiors. *Id.* ¶¶ 34–39. All alleged unwanted sexual advances and lewd jokes; some were allegedly exposed to their male superiors’ genitalia. *Id.* All worked at the same Los Agaves restaurant. *Id.* ¶ 42. All were allegedly harassed at that location. *Id.* All worked under the same owners and management. *Id.* ¶¶ 2–4. All allegations were governed by the same Los Agaves sexual harassment policy. *Id.* ¶ 43. All employees accused of harassment were subject to that same policy. *Id.* ¶ 44. The EEOC advanced all claims in the same proceedings. *Id.* ¶ 34. And Los Agaves resolved all allegations in a single consent decree. *Id.* ¶ 45.

Illinois Casualty knew many of these facts when it denied coverage. [ECF No. 21-2 ¶ 27]. The undisputed connections between the 2016 claims and the 2018 claim demonstrate that they share numerous common facts, circumstances, situations, events, and causes. [ECF No. 19-2 at 250]. No reasonable jury could conclude otherwise. *See Woods v. DaimlerChrysler Corp.*, 409 F.3d 984, 990 (8th Cir. 2005).

Courts across the country have reached a similar conclusion when interpreting analogous insurance policies. *See, e.g., Turner v. Cincinnati Ins.*, 9 F.4th 300, 316–17 (5th Cir. 2021) (finding that the creation and maintenance of a “high pressure sales culture” as alleged in multiple lawsuits by different plaintiffs at different schools was an “interrelated wrongful act” and one claim under an insurance policy); *MF Nut Co., LLC v. Cont’l Cas. Co.*, Civil No. 11-00004 LEK-BMK, 2013 WL 164425, at *12 (D. Haw. Jan. 15, 2013) (concluding that EEOC charges involving allegations from 159 former workers against 41 different employees who worked for the business at different times were interrelated); *Breck & Young Advisors, Inc. v. Syndicate 2003, Lloyd’s of London*, No. 411CV3003, 2012 WL 5569242, at *13 (D. Neb. Nov. 15, 2012) (finding that acts were

interrelated despite the claimants living in different states and the claims involving different agents and property in different states); *Cont'l Cas. Co. v. Wendt*, 205 F.3d 1258, 1263–64 (11th Cir. 2000) (concluding that “different types of acts” were related even though they resulted in different harms to different people); *cf. Highwood Props., Inc. v. Exec. Risk Indem., Inc.*, 407 F.3d 917, 924–25 (8th Cir. 2005) (concluding that two lawsuits were related and constituted a single claim under an insurance policy even though they “did not arise out of identical facts”).

This is the same explanation Illinois Casualty provided Los Agaves when it denied the request to reevaluate the original coverage determination. [ECF No. 19-2 at 79–93]. Los Agaves’s subsequent resolution of the 2016 claims and 2018 claim in the same consent decree—treating the claims as interrelated and warranting a common remedy—points the same direction. *Id.* at 46–63. The EEOC complaint is also framed in the present tense, targeting sexual harassment and retaliation that has not ceased. *Id.* at 26. Although the EEOC investigation revealed the alleged harassment began in 2013, that does not alter the ongoing nature of the allegations. *See* [ECF No. 19-1 ¶ 35].

It is of little import that different actors may have committed the harassment at different times during this period. *See Zodiac Grp., Inc. v. Axis Surplus Ins.*, 542 F. App’x 844, 849–50 (11th Cir. 2013). All sexual harassment claims featured the same root behavior: male superiors at the same Los Agaves location subjecting female employees to unwanted sexual advances and lewd jokes. [ECF No. 19-1 ¶¶ 35–39]. Male superiors at this location also allegedly exposed their genitals to female employees throughout the relevant period. *Id.* ¶¶ 35, 39. This behavior appeared in both the 2016 claims and the 2018 claim, reinforcing their interrelated nature. *Id.*

Accordingly, the 2018 claim was part of an interrelated series of employment practices with the 2016 claims, sharing numerous common facts, circumstances, events, and causes as

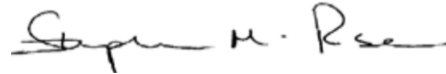
defined by the EPL Endorsement. [ECF No. 19-2 at 250]. They are thus deemed to be one claim that was made before the April 6, 2018, retroactive coverage date and Illinois Casualty had no duty to defend or indemnify Los Agaves. *See* [ECF Nos. 19-1 ¶ 14; 19-2 at 237]. Summary judgment is appropriate.

IV. CONCLUSION

For the reasons stated above, Illinois Casualty's motion for summary judgment "on all of Plaintiff/Counterclaim Defendant's claims" is GRANTED. [ECF No. 19]. Within fourteen days of this Order, the parties shall advise the Court of the status of Los Agaves's breach of contract counterclaim. [ECF No. 6].

IT IS SO ORDERED.

Dated this 21st day of May, 2026.

A handwritten signature in black ink, appearing to read "Stephanie M. Rose", written over a horizontal line.

STEPHANIE M. ROSE, CHIEF JUDGE
UNITED STATES DISTRICT COURT