IN THE SUPERIOR COURT OF THE STATE OF DELAWARE

VIEW OPERATING CORPORATION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	C.A. No. N25C-08-064 SKR CCLD
	)	
STARSTONE SPECIALTY INSURANCE COMPANY,	)	
	)	
Defendant.	)	
	)	
STARSTONE SPECIALTY INSURANCE COMPANY,	)	
	)	
Defendant/Counterclaim Plaintiff,	)	
	)	
v.	)	
	)	
VIEW OPERATING CORPORATION,	)	
	)	
Plaintiff/Counterclaim Defendant,	)	
	)	
and	)	
	)	
VIDUL PRAKASH,	)	
	)	
Third-Party Defendant.	)	

Submitted: December 15, 2025
Decided: March 30, 2026

MEMORANDUM OPINION AND ORDER

Plaintiff's Motion for Partial Summary Judgment: **GRANTED**

Defendant's Motion for Summary Judgment: **DENIED.**

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Rennie, J.

I. INTRODUCTION

This case concerns the fallout of a "de-SPAC" merger and the insurance obligations that followed. After a special purpose acquisition company ("SPAC") absorbed a private entity, that entity was hit with two lawsuits alleging misconduct by its officers during the transaction. When the company turned to its insurer for indemnification, the insurer pointed to an exclusion and declined coverage. Now, both parties seek summary judgment to determine who is left holding the bill.

The dispute turns on three central issues. First, the insurer invokes a "public offering" exclusion, arguing that a post-closing sale of the parent company's shares was, in effect, a sale of the subsidiary's shares. The Court disagrees. A plain reading of the policy confirms that the exclusion applies to the company as its own entity, not its value through a parent. The Court GRANTS summary judgment for the company on this claim.

Second, the parties clash over the timing of the insurer's duty to pay. The insurer contends that it can wait until the company actually cuts a check to an officer for litigation expenses, and the company argues that the obligation is triggered when it commits to reimburse him. The Court finds that the company's interpretation is consistent with the policy's purpose. The insurer must pay the officer on the company's behalf; thus, the Court GRANTS summary judgment for the company on this claim.

Finally, the insurer seeks a preemptive declaration that its denial of coverage was made in good faith. Because genuine disputes remain regarding the insurer's positions and conduct, the Court DENIES the request.

II. BACKGROUND[1]

A. The Parties

Plaintiff View Operating Corporation ("Legacy View") is a technology company that develops smart windows.[2] Incorporated in Delaware in 2007 as View, Inc,[3] the company entered a de-SPAC merger agreement with a SPAC on November 30, 2020.[4] At the time, the SPAC was named CF Finance Acquisition Corp. II ("CF II"). The de-SPAC transaction closed on March 8, 2021, at which time Legacy View became a wholly owned subsidiary of CF II and changed its name from View, Inc.

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[1] The Court's decision draws from the following filings: Legacy View Complaint (D.I. 1) (the "Complaint") ["Compl."]; StarStone Answer, Counterclaim, and Third-Party Claim (D.I. 4) (the "StarStone Answer") ["StarStone Ans."]; Legacy View Motion for Partial Summary Judgment (D.I. 9) (the "Legacy View Motion") ["Legacy View Mot."]; Legacy View Answer to the StarStone Answer (D.I. 12) ("Legacy View Answer") ["Legacy View Ans."]; StarStone Answer to the Legacy View Motion and Cross-Motion for Summary Judgment (D.I. 18) (the "StarStone Motion") ["StarStone Mot."]; Legacy View Reply in Support of the Legacy View Motion and Answer to the StarStone Motion (D.I. 26) (the "Legacy View Response") [Legacy View Resp.]; Third-Party Defendant Vidul Prakash's Joinder to the Legacy View Response (D.I. 27) (the "Prakash Joinder") ["Prakash Joinder"]; StarStone Reply Brief in Support of the StarStone Motion (D.I. 31) (the "StarStone Reply") ["StarStone Reply"]; and the Oral Argument Transcript (D.I. 36) (the "Transcript") ["Tr."].

[2] Legacy View Mot. p. 3.

[3] *Id.* at p. 4.

[4] *Id.* at p. 7.

to View Operating Corporation. Simultaneously, CF II—now Legacy View's parent—assumed the name View, Inc. ("Public View").[5]

Defendant StarStone ("StarStone") is an insurer that issued a liability insurance policy to Legacy View in 2020 (the "Policy").[6]

Third-Party Defendant Vidul Prakash ("Mr. Prakash") served as an officer for both Legacy View and Public View.[7] He was sued by the SEC for allegedly misstating Legacy View's warranty liabilities during the de-SPAC transaction.

B. The Policy

The Policy originally spanned from February 28, 2020, to March 14, 2021.[8] Shortly before the de-SPAC transaction closed, StarStone extended the reporting period to March 8, 2027, in exchange for an additional premium of nearly $50,000.[9]

The Policy "follows form" to a primary insurance policy issued by non-party Ironshore Specialty Insurance Company (the "Followed Policy").[10] The current dispute centers on two provisions of that policy.

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[5] CF II and Public View are the same entity. The Court uses "Public View" as shorthand for "CF II following its acquisition of Legacy View."

[6] Legacy View Mot. p. 4. *See also* the Policy (Legacy View Mot. Ex. A) ["Policy"].

[7] *Id.* at p. 9.

[8] *Id.* at p. 4; StarStone Mot. p. 9.

[9] Legacy View Mot. at p. 4.

[10] *Id.* at p. 5. *See* Followed Policy (Legacy View Mot. Ex. B) ["Followed Policy"].

1. The Public Offering Exclusion

Followed Policy Section III(a)(6) (the "Public Offering Exclusion") states: "(a) Regarding all Insuring Agreements, the Insurer shall not pay Loss . . . (6) on account of any Claim alleging, based upon, arising out of, or attributable to any public offering of equity securities of the Company[.][11]

2. The Company Reimbursement Policy

Legacy View seeks coverage for litigation expenses owed to Mr. Prakash under Followed Policy Insuring Agreement A(2) (the "Company Reimbursement Policy").[12] The provision specifies: "The Insurer shall pay on behalf of the Company Loss arising from a Claim . . . only when and to the extent that the Company has indemnified such Insured Person for such Loss."[13]

C. The De-SPAC

The facts of this case arise from Legacy View's 2021 de-SPAC merger with CF II. CF II launched its initial public offering on August 31, 2020, and subsequently settled on Legacy View as its merger target.[14] On November 30, 2020, the parties executed an Agreement and Plan of Merger (the "Merger Agreement").[15]

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[11] Followed Policy p. 19. The "Company" is defined elsewhere as Legacy View. *See id.* p. 8.

[12] *See* StarStone Reply p. 26 (claiming Legacy View has "admit[ed] it is seeking coverage only under [the Company Reimbursement Policy]").

[13] Followed Policy p. 6.

[14] Legacy View Mot. p. 7.

[15] *See* Merger Agreement (Legacy View Mot. Ex. D) ["Merger Agr."].

Under the Merger Agreement, Legacy View became a wholly owned subsidiary of CF II.[16] At closing, all Legacy View stock was cancelled in exchange for fractional shares of CF II stock;[17] similarly, CF II assumed the Legacy View options and warrants, providing the holders with fractional equivalents in CF II.[18]

Following the signing, the companies publicly announced the forthcoming merger and began promoting a post-acquisition sale of Public View shares on the NASDAQ (the "Post-Closing Offering").[19]

After CF II completed the required SEC filings,[20] the transaction closed on March 8, 2021.[21] Public View's stock began trading on the NASDAQ the next day,[22] and on March 12, 2021, Public View filed a Form 8-K announcing the merger's consummation and the commencement of the Post-Closing Offering (the "Public View 8-K").[23]

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[16] *Id.* at p. 1.

[17] *See id.* at p. 21 (Merger Agreement § 2.5).

[18] *Id.* at p. 22 (Merger Agreement §§ 2.5(c), 2.5(d)).

[19] StarStone Mot. p. 3. *See* StarStone Mot. Ex. A (joint press release).

[20] *See, e.g.,* CF II Form S-4 Registration Statement (StarStone Mot. Ex. C) ["Form S-4"]; Second Amended Form S-4 (StarStone Mot. Ex. D) ["2nd Amended Form S-4"].

[21] Legacy View Mot. p. 8; StarStone Mot. p. 45.

[22] StarStone Mot. p. 5.

[23] *Id.*, *see* Public View 8-K (StarStone Mot. Ex. F) ["Public View 8-K"].

D. The Fallout

In August 2021, Public View's audit committee disclosed an internal investigation into potential material misrepresentations in its SEC filings (the "Audit Committee Investigation").[24] This prompted an SEC investigation (the "SEC Investigation"),[25] and several civil suits followed.

First, in August 2021, CF II stockholders filed a securities class action in the United States District Court for the Northern District of California against, among others, CF II and Mr. Prakash (the "Securities Class Action").[26] The operative complaint was filed on August 21, 2023, and the parties settled the suit in late 2025.[27]

Second, in December 2021, CF II stockholders filed derivative claims against the Legacy View and Public View directors and officers in an action captioned *In re View, Inc. Derivative Litigation*, C.A. No. 1:21-cv-01719-GBW (D. Del.) (the "Derivative Action").[28]

Third, in July 2023, the SEC filed a civil action against Mr. Prakash captioned *Securities and Exchange Commission v. Prakash*, No. 3:23-cv-03300-BLF (N.D.

[24] Legacy View Mot. p. 9.

[25] *Id.*

[26] *Mehedi v. View, Inc et al.*, No. 21-CV-06374 (N.D. Cal.) (2021 WL 12359641).

[27] Legacy View Mot. p. 10.

[28] *Id.*

Cal.) (the "SEC Suit").[29] The SEC alleged that Mr. Prakash failed to disclose that Legacy View was carrying significant liabilities.[30]

Legacy View sought coverage from five liability insurers for defending and settling these proceedings.[31] Of the five, only StarStone denied coverage.[32] Legacy View initiated this litigation to secure coverage for the Securities Class Action and the SEC Suit (together, the "Underlying Actions").

E. Procedural History

On August 5, 2025, Legacy View filed its Complaint, alleging breach of contract and breach of the implied covenant of good faith and fair dealing.[33] It sought a declaration that the Public Offering Exclusion does not bar coverage.[34]

StarStone answered on September 3, 2025,[35] denying the allegations and joining Mr. Prakash as a third-party defendant.[36] StarStone requested its own declaration that neither Legacy View nor Mr. Prakash is entitled to coverage.[37]

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[29] *Id.*

[30] StarStone Mot. p. 7.

[31] Legacy View Mot. p. 11.

[32] *Id.*

[33] *See* Compl. p. 13.

[34] *Id.*

[35] *See* StarStone Ans. p. 1.

[36] *Id.* at p. 64.

[37] *Id.*

Legacy View subsequently moved for partial summary judgment, seeking declarations that (1) the Public Offering Exclusion is inapplicable, (2) StarStone must cover Mr. Prakash's defense costs in the SEC suit, and (3) StarStone's seventh affirmative defense—which asserts that terms from other policies could limit its liability—fails as a matter of law.

On October 9, 2025, StarStone cross-moved for summary judgment, seeking declarations that (1) the Public Offering Exclusion bars coverage, (2) StarStone has no current obligation to pay Mr. Prakash's defense costs because Legacy View has not yet "incurred a loss" by reimbursing him, and (3) StarStone did not deny coverage in bad faith.[38]

Legacy View then filed the Legacy View Response,[39] to which Mr. Prakash joined through the Prakash Joinder.[40] Finally, on November 6, 2025, StarStone filed its reply.[41]

The Court heard oral argument on December 10, 2025. This opinion follows.[42]

[38] StarStone Mot. p. 51.

[39] *See* Legacy View Resp.

[40] *See* Prakash Joinder.

[41] *See* StarStone Reply.

[42] StarStone also provided supplementary briefing on specific policy language (D.I. 35).

III. Standard of Review

The standard of review on a motion for summary judgment is well-settled. The Court's principal function is to examine the record to determine whether genuine issues of material fact exist, "but not to decide such issues."[43] The moving party bears the initial burden of demonstrating that the undisputed facts support its claims or defenses.[44] If the motion is properly supported, then the burden shifts to the non-moving party to demonstrate that there are material issues of fact for resolution by the ultimate fact-finder.[45]

The Court will grant summary judgment if, after viewing the record in a light most favorable to a nonmoving party, no genuine issues of material fact exist and the moving party is entitled to judgment as a matter of law.[46] If, however, the Court concludes that there are issues of material facts or the circumstances merit a more thorough inquiry into the facts, then summary judgment will not be granted.[47]

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[43] *Merrill v. Crothall-Am. Inc.*, 606 A.2d 96, 99 (Del. 1992).

[44] *Frontier Comms. Hldgs., Inc. v. Indian Harbor Ins. Co.*, 2025 WL 2530543, at *4 (Del. Super. Aug. 14, 2025) (citing *Moore v. Sizemore*, 405 A.2d 679, 680 (Del. 1970)).

[45] *Id.* (citing *Brzoska v. Olsen*, 668 A.2d 1355, 1364 (Del. 1995)).

[46] *Merrill*, 606 A.2d at 99.

[47] *See Ebersole v. Lowengrub*, 180 A.2d 467, 470 (Del. 1962); *see also Cook v. City of Harrington*, 1990 WL 35244, at *3 (Del. Super. Feb. 22, 1990) (citing *Ebersole*, 180 A.2d at 467) ("Summary judgment will not be granted under any circumstances when the record indicates . . . that it is desirable to inquire more thoroughly into the facts in order to clarify the application of law to the circumstances.").

"These well-established standards and rules equally apply [to the extent] the parties have filed cross-motions for summary judgment."[48] "To determine whether there is a genuine issue of material fact, the Court evaluates each motion independently."[49]

IV. Analysis

A. The Public Offering Exclusion

1. Party Positions

i. Legacy View's Position

Legacy View seeks a summary declaration that the Public Offering Exclusion is inapplicable.[50] It argues that the exclusion's plain language applies only to the equity securities of Legacy View as a specific corporate entity, not to the value of its business when sold "as" shares of a separate parent company. Under this interpretation, Legacy View contends that it is indisputable that there was no offering of shares in Legacy View because (i) all registrations and issuances were for Public View (formerly CF II)—not Legacy View;[51] (ii) at closing, all Legacy View shares were cancelled in exchange for fractional shares in CF II, and

[48] *Frontier Comms.*, 2025 WL 2530543, at *5 (quoting *IDT Corp. v. United States Spec. Ins. Co.*, 2019 WL 413692, at *5 (Del. Super. Jan. 31, 2019)).

[49] *IDT Corp.*, 2019 WL 413692, at *5.

[50] Legacy View Mot. p. 15; Compl. p. 11.

[51] Legacy View Resp. at p. 11.

"cancelled shares cannot be publicly traded[;]"[52] (iii) CF II/Public View was the sole owner of Legacy View before, during, and after the sale; and (iv) Legacy View remains a private company.[53]

Legacy View further disputes StarStone's theory that Legacy View's shares were "registered and issued as securities of Public View[,]" simply because Legacy View's assets gave the parent's shares their value.[54] Legacy View asserts that this position lacks legal support and ignores the fundamental de-SPAC structure. Indeed, "[a]s courts have repeatedly recognized, the entire purpose of a de-SPAC merger is to *avoid* a public offering of the private company's shares."[55] Consequently, Legacy View argues that StarStone's interpretation is unreasonable.

Finally, Legacy View invokes two principles of insurance contract interpretation: first, as the insurer, StarStone bears the burden of proving an exclusion applies,[56] and the exclusion's language must be construed "strictly and narrowly *against StarStone*[;]"[57] and, second, that any extrinsic evidence offered by

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[52] *Id.* (quoting *Swift v. Houston Wire & Cable Co.*, 2021 WL 5763903, at *5 (Del. Ch. Dec. 3, 2021) (plaintiff whose shares were cancelled by merger agreement "was not a stockholder" in the corporation afterward)).

[53] *Id.* at p. 26.

[54] *Id.* at p. 11 (quoting StarStone Mot. p. 24).

[55] *Id.* at p. 25 (citing cases).

[56] Legacy View Mot. p. 14 (citing *Nat'l Amusements, Inc. v. Endurance Am. Spec. Ins. Co.*, 2025 WL 720455, at *7 (Del. Super. Feb. 17, 2025)).

[57] Legacy View Resp. p. 4. *See RSUI Indem. Co. v. Murdock*, 248 A.3d 887, 906 (Del. 2021).

StarStone—such as post-closing statements allegedly characterizing the de-SPAC as an IPO—should be disregarded in favor of the Policy's plain meaning.[58]

ii. StarStone's Position

On the flipside, StarStone seeks a summary declaration that it properly invoked the Public Offering Exclusion to deny coverage. Its argument centers on the "economic reality" that "Legacy View stock is the functional equivalent of Public View stock."[59] To StarStone, an investment in Public View was fundamentally an investment in Legacy View's business, rather than in the SPAC's pre-merger shell.[60] StarStone further contends that SEC filings and public statements from Legacy View officers demonstrate that the parties *intended* the de-SPAC transaction to function as the public debut of Legacy View, albeit *through* the issuance of parent-company shares.[61]

In support of this "substance over form" approach, StarStone points to relatively recent SEC interpretive guidance stating that a de-SPAC target is a registrant because it "in substance, issues or proposes to issue its securities, as

[58] *Id.* at p. 24.

[59] Tr. 37:17–19.

[60] *See id.* at 37:15–17.

[61] *See, e.g.,* StarStone Mot. p. 24 (purporting that "Legacy View's share value and equity valuation were used to determine the value of the Public View shares being registered.").

securities of the newly combined public company."[62] StarStone argues that this regulatory view confirms that the Post-Closing Offering was an offering of Legacy View's equity. Finally, StarStone asserts that CF II could not been the true issuer, because shares in a blank-check SPAC are economically distinct from shares in the resulting operational entity.[63]

2. Analysis

Legacy View and StarStone have cross-moved for summary judgment on whether the de-SPAC transaction triggered the Public Offering Exclusion.[64] Because this involves the interpretation of a contract, it is a question of law "particularly appropriate" for resolution on summary judgment.[65] The principles of insurance contract interpretation are well-settled:

> Under Delaware law, insurance policies are construed as a whole, to give effect to the intentions of the parties. When the language of an insurance policy is clear and unambiguous, the parties' intent is ascertained by giving the language its ordinary and usual meaning. An insurance policy is not ambiguous merely because the parties do not agree on its construction. Rather, a contract is ambiguous only when the provisions in controversy are reasonably or fairly susceptible of different interpretations or may have two or more different meanings.

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[62] *Id.* at p. 23 (quoting Special Purpose Acquisition Companies, Shell Companies, and Projections, 89 Fed. Reg. 14158-01, 14211, 2024 WL 7565862 (Feb. 26, 2024)).

[63] *Id.* at p. 38.

[64] View Mot. p. 25; StarStone Mot. p. 51.

[65] *See Nat'l Amusements, Inc.*, 2025 WL 720455, at *5 (quoting *Valley Forge Ins. Co. v. Nat'l Union Fire Ins. Co. of Pittsburgh, Pa.*, 2012 WL 1432524, at *6 (Del. Super. Mar. 15, 2012)).

> Delaware courts will not destroy or twist the words of a clear and unambiguous insurance contract.[66]

Furthermore, "[i]nsurance contracts should be interpreted as providing broad coverage to align with the insured's reasonable expectations."[67] Where, as here, the insurer has denied coverage under a policy exclusion, it is "the insurer's burden . . . to establish that a claim is specifically excluded."[68] "Courts . . . interpret exclusionary clauses with 'a strict and narrow construction . . . [and] give effect to such exclusionary language [only] where it is found to be specific, clear, plain, conspicuous, and not contrary to public policy.'"[69] "Any ambiguity in the policy language must be resolved against the insurer that drafted the policy and in favor of coverage."[70]

The Court begins with the Policy's text. The Public Offering Exclusion states, in relevant part: "[StarStone] shall not pay Loss . . . on account of any Claim . . . arising out of . . . any public offering of equity securities of [Legacy View][.]"[71] Put

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[66] *In re Solera Ins. Coverage Appeals*, 240 A.3d 1121, 1131 (Del. 2020) (internal quotations omitted).

[67] *RSUI Indem. Co.*, 248 A.3d at 906.

[68] *Id.* (internal quotations omitted).

[69] *Id.* (quoting *AT&T Corp. v. Clarendon Am. Ins. Co.*, 2006 WL 1382268, at *9 (Del. Super. Apr. 13, 2006), *rev'd in part on other grounds*, *AT&T Corp. v. Faraday Cap. Ltd.*, 918 A.2d 1104, 1108 (Del. 2007)) (internal quotations omitted).

[70] *Providence Serv. Corp. v. Ill. Union Ins. Co.*, 2019 WL 3854261, at *2 (Del. Super. July 9, 2019).

[71] Followed Policy p. 19.

differently, the Public Offering Exclusion can only apply when there is a (i) public offering (ii) of equity securities (iii) of Legacy View.

Two of the key considerations, "public offering" and "equity securities," are not defined by the Policy. The Court looks to their ordinary meaning.[72] A "public offering" is a "sale of an issue of securities" that is "made to the general public."[73] An "equity security" is "[a]n instrument that evidences the holder's ownership rights in a firm (e.g., a stock)[.]"[74] Drilling down further, a "firm" is "[t]he title under which one or more persons conduct business jointly" or "[t]he association by which persons are united for business purposes."[75] Hence, a fair reading of the Public Offering Exclusion is that it covers "a sale of ownership rights in Legacy View (as a corporate entity) that is made to the general public."

Legacy View, as a corporate entity, did not conduct a public offering of its equity securities. Only CF II registered and issued the relevant securities.[76] At

[72] *See Alta Berkeley VI C.V. v. Omneon, Inc.*, 41 A.3d 381, 385 (Del. 2012) ("Unless there is ambiguity, Delaware courts interpret contract terms according to their plain, ordinary meaning."); *see also Telecom-SNI Inv'rs, L.L.C. v. Sorrento Networks, Inc.*, 2001 WL 1117505, at *5 (Del. Ch. Sep. 7, 2001) (using Black's Law Dictionary to define "equity security" because the Court "start[s] with the plain meaning of the words chosen by sophisticated parties advised by experienced counsel.").

[73] *See Offering*, Black's Law Dictionary (12th ed. 2024).

[74] *See Security*, Black's Law Dictionary (12th ed. 2024).

[75] *See Firm*, Black's Law Dictionary (12th ed. 2024).

[76] *See, e.g.,* Form S-4; 2nd Amended Form S-4.

closing, Legacy View's shares were cancelled, and its options and warrants were assumed by the parent.[77]

StarStone argues that the Public Offering Exclusion applies nonetheless because the de-SPAC merger was a sale of Legacy View securities "as securities of Public View."[78] StarStone contends that it is inconsistent with the "economic realities" of the de-SPAC merger to suggest that a "blank check company" [CF II] issued the shares;[79] rather, the shares were "functionally equivalent" because they represented equity in Legacy View's business.[80]

This "substance over form" interpretation fails. It is neither "plain" nor "clear".[81] As noted, it does not align with the ordinary meaning of the words "of [Legacy View]", nor is it supported by case law.[82] By blurring the legal distinction between parent and subsidiary,[83] StarStone's reading would undermine the narrow

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[77] *See* Merger Agr. p. 21 (Merger Agreement § 2.5(a)).

[78] *See, e.g.,* StarStone Mot. p. 19.

[79] Tr. 42:15–23.

[80] *Id.* at 42:11–15.

[81] *See RSUI Indem. Co.*, 248 A.3d at 906.

[82] *Id.* at 40:11 (acknowledging that the argument "doesn't rely on specific cases.").

[83] *See BuzzFeed, Inc. v. Anderson*, 2022 WL 15627216, at *13 (Del. Ch. Oct. 28, 2022) ("Delaware law rejects the theory that 'a parent and its wholly owned subsidiaries constitute a single economic unit.'") (quoting in full *NAMA Hldgs., LLC v. Related WMC LLC*, 2014 WL 6436647, at *26 (Del. Ch. 2012) (quoting *Shearin v. E.F. Hutton Gp., Inc.*, 652 A.2d 578, 590 (Del. Ch. 1994))); *Klauder v. Echo/RT Hldgs, LLC*, 152 A.3d 581 (TABLE), 2016 WL 7189917, at *2 (Del. 2016) ("Simply put, a parent's ownership of all of the shares of the subsidiary does not make the subsidiary's assets the parent's.") (internal quotation omitted); *Wenske v. Blue Bell Creameries, Inc.*, 2018 WL 5994971, at *5 (Del. Ch. Nov. 13, 2018) (noting that the "presumption of corporate separateness"

function of insurance exclusions.[84] At best, StarStone offers an alternative reading that creates ambiguity—which must be resolved in Legacy View's favor.[85]

StarStone's bevy of counterarguments and affirmative defenses do not refute the plain language. Because the exclusion's meaning is plain, the Court declines to asses extrinsic evidence of the parties' intent,[86] StarStone's theories on reverse recapitalization,[87] or the 2024 SEC statement. These contentions are too contrived,

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applies when "a parent wholly owns its subsidiary and the entities have identical officers and directors.").

[84] *See, e.g., RSUI Indem. Co.*, 248 A.3d at 906 ("Insurance contracts should be interpreted as providing broad coverage to align with the insured's reasonable expectations."). Indeed, an insured's intent is generally to pay a premium and, in exchange, receive coverage.

[85] *See Providence Serv. Corp.*, 2019 WL 3854261, at *2 ("Any ambiguity in the policy language must be resolved against the insurer[.]"). This general principle is particularly appropriate here because this is not a dispute between two similarly viable interpretations—the insured has offered a plain reading that aligns with the expectations of a reasonable party, and the insurer has proposed something less intuitive.

[86] *See Salamone v. Gorman*, 106 A.3d 354, 374 (Del. 2014) (holding that when a contract is unambiguous the courts do not look "beyond the language of the contract").

[87] StarStone quotes the Public View Form 8-K for the proposition that the de-SPAC transaction was a reverse recapitalization because the transaction was "structured as Legacy View 'issuing stock for the net assets of CF II.'" (Starstone Mot. p. 6 (quoting Public View Form 8-K p. 160)). However, the context of StarStone's quote indicates that StarStone took a more circumspect position. It says, "[a]ccordingly, for accounting purposes, the financial statements of the combined entity upon consummation of the Business Combination will represent a continuation of the financial statements of [Legacy View] with the Business Combination treated as the equivalent of [Legacy View] issuing stock for the net assets of CF II, accompanied by a recapitalization." *See* Public View 8-K p. 160. Even if the Court were to consider the form, this narrowly scoped accounting mechanism does not bring the de-SPAC merger into the ambit of the Public Offering Exclusion.

attenuated, or theoretical to render StarStone's reading "specific, clear, plain, [and] conspicuous[.]"[88]

3. Conclusion

Legacy View's request for a summary declaration that the Public Offering Exclusion is inapplicable is GRANTED.[89] StarStone's cross-motion is DENIED.

B. Mr. Prakash's Defense Costs

1. Party Positions

i. StarStone's Position

StarStone moves for a summary declaration that Legacy View cannot access Policy proceeds until it actually pays Mr. Prakash's defense costs.[90] StarStone argues that the "has indemnified" language in the Company Reimbursement Policy requires actual payment as a condition precedent to coverage. To hold otherwise, StarStone contends, would render that specific phrasing illusory or meaningless.[91]

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[88] *Clarendon Am. Ins. Co.*, 2006 WL 1382268, at *9, *rev'd in part on other grounds*, *Faraday Cap. Ltd.*, 918 A.2d at 1108.

[89] Count II of the Complaint is GRANTED and StarStone's Eighth Affirmative Defense is DISMISSED.

[90] StarStone Mot. p. 51; Tr. 29:17–20.

[91] StarStone Reply p. 27 (*See In re Verizon Ins. Coverage Appeals*, 222 A.3d 566, 575 (Del. 2019) (insurance terms must be "interpreted in a way that does not render any provisions 'illusory or meaningless'").

Alternatively, StarStone asserts that Legacy View has no obligation to cover Mr. Prakash.[92] In support, StarStone notes that (i) Public View has already acknowledged its own obligation to indemnify Mr. Prakash in the SEC Suit;[93] (ii) Mr. Prakash brought an advancement action against Public View, not Legacy View;[94] and (iii) under a subsequent settlement, Public View is already slated to pay these expenses.[95] StarStone maintains that because Public View has "stepped into the gap," Legacy View lacks a basis to indemnify Mr. Prakash for the same loss.[96]

ii. Legacy View's Position

Legacy View seeks a summary determination that StarStone must pay Mr. Prakash's reasonable defense costs in the SEC Suit.[97] Legacy View emphasizes the Policy's mandate that StarStone "shall pay on behalf of" the insured, which indicates that the insurer's obligation arises upon the accrual of liability, not the act of payment.[98] Thus, Legacy View argues, it is irrelevant whether it has already issued a check to Mr. Prakash.[99]

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[92] *Id.* at p. 30.

[93] *Id.*

[94] StarStone Mot. at p. 46.

[95] *Id.* at p. 47.

[96] *Id.* at p. 48; StarStone Reply p. 30.

[97] Legacy View Mot. pp. 25–26.

[98] Legacy View Resp. p. 27.

[99] *Id.* at p. 28.

Regarding StarStone's claim that Mr. Prakash has not sought coverage from Legacy View, the company responds that the Policy requires no formal "demand."[100] Even if one were required, Legacy View submitted a declaration from a Legacy View officer regarding fees Mr. Prakash submitted for reimbursement in connection with the SEC Suit.[101]

Finally, Legacy View asserts an independent obligation to cover Mr. Prakash regardless of Public View's commitments. The SEC Suit concerns Mr. Prakash's acts on behalf of "View, Inc." *prior* to the de-SPAC transaction—a name then held by Legacy View.[102] Both the Legacy View Bylaws and the Merger Agreement confirm that Legacy View retains ongoing indemnity and advancement obligations to its former officers for conduct arising from the de-SPAC.[103]

2. Analysis

The dispute centers on whether the Company Reimbursement Policy requires Legacy View to pay for Mr. Prakash's defense costs before seeking coverage. As

[100] *Id.* ("*See Stifel Fin. Corp. v. Cochran*, 809 A.2d 555, 560 (Del. 2002) (rejecting corporation's argument that indemnitee failed to make pre-suit demand for indemnification)").

[101] *Id.* at p. 29.

[102] *Id.* at p. 30.

[103] *Id.* at pp. 30–31 (citing Merger Agreement § 5.4(a)).

this involves the scope of coverage rather than an exclusion, Legacy View bears the burden of establishing that its claim falls within the Policy's reach.[104]

The Court looks to the plain language. The Company Reimbursement Policy provides that, "[Starstone] shall pay on behalf of [Legacy View] Loss arising from a Claim . . . made against [Mr. Prakash] . . . but only when and to the extent that [Legacy View] has indemnified [Mr. Prakash] for such Loss.[105]

StarStone argues that "has indemnified" is synonymous with "has actually paid."[106] However, this is an overly narrow interpretation.[107] Black's Law Dictionary defines "indemnify" both as "[t]o reimburse (another) for a loss . . ." and "[t]o *promise* to reimburse (another) for such a loss."[108] To the extent Legacy View has an obligation to cover Mr. Prakash's defense costs, the term is not "illusory or meaningless" under this broader definition.

The Policy's use of "pay on behalf of" language further reinforces this conclusion. This Court has previously determined that when parties to an insurance

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[104] *Ill. Nat'l. Ins. Co. v. Harman Int'l. Indus., Inc.*, -- A.3d ----, 2026 WL 204209, at *7 (Del. Jan. 27, 2026) (citing *RSUI Indem. Co.*, 248 A.3d at 906).

[105] Followed Policy p. 6.

[106] *See* StarStone Mot. p. 44 ("Insuring Agreement 2 requires that Legacy View actually indemnify Prakash.") (emphasis in original); Tr. 29:15–20 (arguing that Legacy View must "incur loss or pay Mr. Prakash's defense costs before it can access the policy proceeds.").

[107] *See AMC Entm't Hldgs., Inc. v. XL Spec. Ins. Co.*, 2025 WL 655595, at *5 (Del. Super. Feb. 28, 2025) (declining to "restrict[]" an insurance policy's definition of "Loss" when it did not contain expressly limiting language because insurance policies should be interpreted to favor broad coverage).

[108] *Indemnify*, Black's Law Dictionary (12th ed. 2024).

contract use this language, they agree that "an insured need not pay for Loss first and then seek coverage in the form of reimbursement."[109] Read as a whole, the Policy establishes that Legacy View need not pay Mr. Prakash to incur a "Loss".[110] Accordingly, to the extent Legacy View is obligated to advance and indemnify Mr. Prakash's defense costs, StarStone is required to pay those amounts on behalf of Legacy View.[111]

3. Conclusion

Legacy View's request for a summary declaration is GRANTED. StarStone is liable for the defense costs that Legacy View is obligated to advance or indemnify on behalf of Mr. Prakash. StarStone's cross-motion is DENIED.[112]

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[109] *Sycamore P'rs Mgmt., L.P. v Endurance Am. Ins. Co.*, 2021 WL 4130631, at *19 (Del. Super. Sep. 10, 2021).

[110] StarStone also contends that "has indemnified" requires actual payment because of two other insuring agreements "built into" the policy. Tr. 34:16–19. According to StarStone, when combined these three agreements "operate interchangeably" to "deal with different circumstances." *Id.* at 35:1–5. StarStone has not provided contractual language demonstrating that coverage cannot overlap.

[111] At oral argument, StarStone conceded that Legacy View is legally obligated to indemnify Mr. Prakash. *See* Tr. 66: 6–18.

[112] In its Motion, Legacy View sought to strike StarStone's seventh affirmative defense, which asserts that StarStone's liability may be "diminished or eliminated by terms and conditions relating to other insurance." *See* StarStone Ans. p. 20. Legacy View anticipated StarStone would invoke this defense to argue that other agreements diminished Legacy View's obligation to Mr. Prakash. *See* Legacy View Mot. pp. 24–25. However, because StarStone did not raise this argument and Legacy View has outstanding, un-litigated claims, the Court declines to strike the defense at this time.

C. Bad Faith

1. Party Positions

i. StarStone's Position

StarStone moves for summary judgment declaring that it did not deny coverage in bad faith. It argues that Legacy View cannot demonstrate that StarStone lacked "reasonable justification" for its denial, as its position on the Public Offering Exclusion and the timing of indemnification were "well-reasoned" and grounded in the Policy's text.[113] StarStone further contends that the coverage decisions of the four other insurers are irrelevant and do not create a genuine issue of material fact regarding the reasonableness of StarStone's independent evaluation.[114]

ii. Legacy View's Position

Legacy View requests that the Court deny summary judgment or, alternatively, continue the motion to allow for limited discovery. Legacy View emphasizes that a bad faith claim does not require a "smoking gun" to survive summary judgment; rather, a triable claim may arise from reasonable inferences drawn from the record.[115] Legacy View argues that the Court can infer bad faith from the fact that StarStone is the sole outlier among five similarly situated insurers.[116]

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[113] StarStone Mot. p. 49.

[114] *See* StarStone Reply p. 31.

[115] Legacy View Resp. p. 31.

[116] *Id.* at p. 32.

According to Legacy View, the other insurers' decisions to provide coverage suggest that Legacy View's claims are sound, and that StarStone's refusal may be pretextual.[117]

Alternatively, Legacy View seeks a continuance to conduct discovery into: (1) whether StarStone understood the mechanics of the de-SPAC transaction when it accepted nearly $50,000 to extend the Policy's reporting period; and (2) whether StarStone's internal claims-handling files contain evidence that it recognized its coverage position was legally or factually unsupported.[118]

2. Analysis

"A first-party claim against an insurer for bad faith denial or delay in claim payments sounds in contract and arises from the implied covenant of good faith and fair dealing."[119] To prevail, an insured must demonstrate that the insurer "refuse[d] to honor its obligations under the policy and clearly lacks reasonable justification for doing so."[120] An insurer is reasonably justified if it was aware of facts or circumstances that created a bona fide coverage issue at the time of the denial.[121]

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[117] *Id.* at p. 33.

[118] *Id.*

[119] *Dunlap v. State Farm Fire and Cas. Co.*, 878 A.2d 434, 440 (Del. 2005).

[120] *Enrique v. State Farm Mut. Auto. Ins. Co.*, 142 A.3d 506, 511 (Del. 2016).

[121] *Zurich Am. Ins. Co. v. Syngenta Crop Protection*, 314 A.3d 665, 683 (Del. 2024).

Regarding legal positions, an insurer is justified if it advances a "colorable argument."[122] While Delaware courts have held that an argument may be "colorable" even if the court disagrees with it,[123] many jurisdictions apply the "fairly debatable" standard.[124] Under this principle, if a particular result was reasonably certain under existing case law—even if the precise issue had not yet been ruled upon—an insurer may be held to have acted in bad faith by taking a contrary position.[125]

The Court denies StarStone's request. At this stage, StarStone's arguments are too nebulous to be deemed "colorable" as a matter of law. For instance, as StarStone conceded at oral argument, its interpretation of the Public Offering Exclusion relies on no specific caselaw, instead leaning on SEC guidance published years after the Policy was issued.[126]

Further, StarStone's legal positions have been inconsistent. It originally contended that the de-SPAC merger transaction was Legacy View's initial public

[122] *ACE Am. Ins. Co. v. Guaranteed Rate Inc.*, 305 A.2d 339, 350 (Del. 2003).

[123] *Id.*

[124] *Litig. & Prevention of Insurer Bad Faith* § 11:17 ("Fairly or reasonably debatable claims") (3d ed. 2025).

[125] *Id.* (collecting cases).

[126] Tr. 40: 11–15.

offering,[127] only to shift course by the time of oral argument.[128] These inconsistencies, combined with potential issues of material fact—such as StarStone's decision to extend the Policy during the very transaction it now claims is excluded—preclude summary judgment. Given the high standard of conduct expected of insurers, the Court finds that StarStone's good faith is a triable issue.

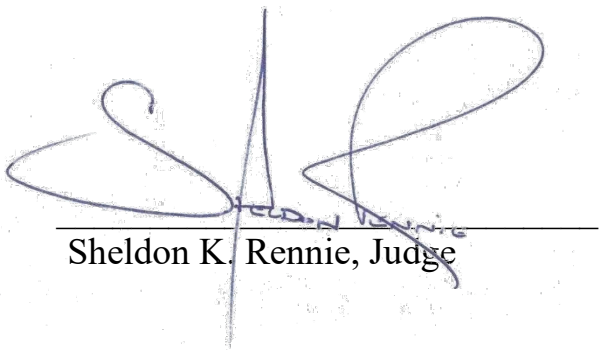
3. Conclusion

StarStone's request for a summary declaration that it has not acted in bad faith is DENIED.

V. CONCLUSION

For the foregoing reasons, Legacy View's Motion for Partial Summary Judgment is GRANTED and StarStone's Cross-Motion for Summary Judgment is DENIED.

IT IS SO ORDERED.



Sheldon K. Rennie, Judge

[127] *See* StarStone Ans. p. 31 ("The de-SPAC merger transaction was [Legacy View]'s initial public offering because the shareholders of CF II went from owning shares in a shell company to owning shares in Public View, which conducts the business of [Legacy View].").

[128] Tr. 38:13–14 ("It's not our position that [the de-SPAC transaction] is an initial public offering.").