



Alerts

Recent Pro-Insurer Developments Concerning COVID-19 Coverage Exposures

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Insights for Insurers

As COVID-19 coverage lawsuits continue to be filed across the country, there have been some significant pro-insurer developments over the past few weeks that are worth noting.

The Louisiana State Senate has shelved the portion of Senate Bill No. 477 that would have mandated retroactive and prospective coverage for COVID-19 business interruption losses. A [revised version of bill](#), which requires policies providing business interruption coverage to contain a notice of all exclusions in a form to be prescribed by the commissioner of insurance, is headed to the Louisiana House of Representatives.

On the litigation front, on May 14, 2020, the Pennsylvania Supreme Court denied [an emergency application](#) made by an insured restaurant, asking the court to assume extraordinary jurisdiction over its business interruption coverage suit on the basis of immediate public importance. The petition also sought to establish a coordinated system to resolve all similar business interruption cases in the state.

Additionally, on May 20, Magna Legal Services—which provides legal support services including discovery, jury consulting, and court reporting—voluntarily dismissed its COVID-19 coverage lawsuit against its insurer and its broker. [According to Law360](#), a Magna representative stated that Magna "decided it was not the best course of action for us to take at this time," noting that Magna "has been a trusted partner of the insurance industry for 13 years." The suit had been filed in the Philadelphia Court of Common Pleas on May 13.

On May 22, *Social Life Magazine* filed a [notice of dismissal](#) of its business interruption coverage suit, which had been filed in New York federal court on April 29. The magazine had sought an injunction requiring the insurer to immediately pay its claim. During a telephonic show-cause hearing on May 14, Judge Caproni denied the insured's emergency application and stated:

I feel bad for your client. I feel bad for every small business that is having difficulties during this period of time. But New York law is clear that this kind of business interruption needs some damage to the property to prohibit you from going. You get an A for effort, you get a gold star for creativity, but this is not what's covered under these insurance policies.

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A copy of the hearing transcript can be viewed [here](#). The [insured's May 21 letter](#) to Judge Caproni, in which the insured stated its belief that "a written order relating to the preliminary injunction hearing on May 14, 2020 is not required," is also available to read.

The COVID-19 coverage wars have just begun, but insurers have scored some early victories. We will continue to monitor developments.