



Alerts

Another Early Win for Insurers in the Business Interruption Coverage Battles

July 14, 2020

Insights for Insurers

In the early stages of the COVID-19 coverage battles, [we reported](#) on several pro-insurer developments. The positive news for insurers has continued with the *Gavrilides Management Company v. Michigan Insurance Company* matter in Michigan state court.

At a [July 1, 2020 hearing](#), Judge Joyce Draganchuck dismissed COVID-19 business interruption claims brought by two insured restaurants. The court noted that the policy covers direct physical loss of or damage to property, which means something that alters the physical integrity of the property. Since the insured alleged only loss of use of the restaurants, the court ruled that the policy did not apply. The court further ruled that the policy's virus exclusion would apply even if physical loss or damage had been alleged.

In a tactic utilized by many policyholders in recently filed business interruption lawsuits, the insured had tried to avoid application of the exclusion by alleging that government orders—not the coronavirus—caused the loss of use of the restaurants for dine-in services. The court said that argument was "just simply nonsense, and it comes nowhere close to meeting the requirement that there has to be some physical alteration to or physical damage or tangible damage to the integrity of the building."

[Read the hearing transcript \(PDF\)](#)