

District Court in The Middle District of Pennsylvania Dismisses Hotel's Claim for Lost Business Income Due To COVID-19

6.1.21

White and Williams attorneys successfully moved to dismiss a lawsuit brought by a hotel that its insurer must cover its lost business income due to COVID-19 and the related government orders. The court found that the hotel's detrimental economic impact failed to constitute a direct physical loss or damage as required by the policy's insuring agreement. The hotel also sought civil authority coverage, but the court found that the hotel failed to identify a covered cause of loss to another property and, in any event, Governor Tom Wolf's civil authority order did not completely prohibit access to the hotel. The court also enforced the policy's virus exclusion, finding that the exclusion unambiguously excluded coverage since there is no other way to characterize COVID-19 other than a virus that is capable of causing physical illness or distress.

Ed Koch and Marc Penchansky successfully represented the involved insurance company.