

## Will Business Interruption Insurance Cover The Closure Of Your Business Due To COVID-19?

03/19/20

Most businesses maintain property and casualty insurance, which is an insurance policy that covers physical damage to a business. Many businesses have taken their insurance coverage a step further and added business interruption coverage, a type of insurance that covers the loss of income that a business suffers after a disaster (such as the costs incurred due to the disaster-related closing of the business facility or due to the rebuilding process).

The additional coverage provided by the business interruption insurance includes the profits that would have been earned had the business remained open. If you maintain business interruption coverage, will it cover the loss of income and profits due to your business shutdown? Obviously the terms of the policy must be reviewed and will ultimately control. However, a typical trigger for coverage under such policies is whether there actually has been physical damage to the property.

Thus, does the COVID-19 outbreak, which causes the business shutdown, constitute physical damage?

*Cajun Conti LLC v. Certain Underwriters at Lloyd's of London*, which was filed Monday, March 16, 2020 in Civil District Court for the Parish of Orleans, Louisiana, appears to be one of the first cases to argue such coverage. The case, brought by a restaurant in New Orleans, seeks a declaratory judgment against its insurer that the restaurant's business income coverage should provide coverage due to, among other things, the COVID-19 contamination of the restaurant. The plaintiff has alleged, and will need to prove, that the coronavirus contamination of the restaurant's premises would be a direct physical loss needing remediation to clean the restaurant's surfaces.

In any event, insurance policies, and specifically business interruption insurance policies, should be reviewed to ascertain coverage.

For specific questions on business interruption insurance coverage, please contact [Peter A. Greenbaum](#) at 732.855.6426 or any other member of our [Corporate Law](#) team.

### **Attorney**

- Peter A. Greenbaum

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