Business interruption (BI) policies are not designed to cover pandemics and necessitate a direct physical loss to property to be activated. As such, the widespread litigation against insurers, attempting to alter BI policies to cover pandemic-related income losses, is a misguided effort that places the interests of attorneys ahead of business owners’. To date, there has been an increasing number of court rulings affirming insurers’ position.

**A Compendium Of Court Decisions Affirming The Necessity Of Direct Physical Damage in BI Coverage**

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**Court Rulings**

**Michigan Federal Court**

"The policy only covers lost income in the event of physical damage to a property, and even if that were not the case, the virus exclusion in the policy would bar pandemic-related coverage, the judge ruled. The ruling adds to the growing list of insurer wins on the issue of business interruption coverage for coronavirus-related losses."

(Business Insider, 9/4)

**Florida Federal Court**

"Because [the plaintiff’s] damages resulted from COVID-19, which is clearly a virus, neither the Governor’s executive order narrowing dental services to only emergency procedures nor the disinfection of the dental office of the virus is a 'Covered Cause of Loss' under the plain language of the policy’s exclusion,' the ruling states."

(Business Insider, 9/3)

**California Federal Court**

"'An insured cannot recover by attempting to artfully plead impairment to economically valuable use of property as physical loss or damage to property,' Wilson said, adding that [the plaintiff] has only plausibly alleged that in-person dining restrictions interfered with the use or value of its property — 'not that the restrictions caused direct physical loss or damage.'"

(Law360, 8/28)

**Texas Federal Court**

"In so ruling, Judge Ezra indicated that 'while there is no doubt that the COVID-19 crisis severely affected Plaintiffs’ businesses, [insurer] cannot be held liable to pay business interruption insurance on these claims as there was no direct physical loss, and even if there were direct physical loss, the Virus Exclusion applies to bar Plaintiffs' claims.'"

(The National Law Review, 8/25)

**District of Columbia Superior Court**

"The judge found the plaintiffs offered no evidence that the virus was present in their insured properties and found that the mayor’s orders did not have any material or tangible effect on the insured’s properties."

(Insurance Journal, 8/7)

**Michigan State Court**

"The court said that [the plaintiffs’] 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.'"

(JD Supra, 7/17)
Florida Federal Court & Eleventh Circuit Court

"Coverage will not be triggered for similar claims because the presence of the COVID-19 virus, or cleaning related to the virus, does not constitute direct physical loss or damage to property. The Eleventh Circuit’s holding provides helpful guidance that will most certainly be used in the analysis of COVID-19 business interruption claims."

(JD Supra, 7/21)

New York Federal Court

"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."

(The National Law Review, 5/20)