

THOUGHT LEADERSHIP

News

BUSINESS INTERRUPTION CLAIM HINGES ON POLICY LANGUAGE

Newsbrief

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Recently, a federal court in the Southern District of Texas determined a commercial property policy required that a hotel had to cease all operations, not just some, to recover for business interruption losses under a commercial property policy. In *H & H Hospitality LLC v. Discover Specialty Ins. Co.*, 2011 WL 6372825 (S.D.Tex., Dec. 20, 2011), the hotel argued the business interruption claim should apply because Hurricane Ike damaged several of its rooms and those rooms were unable to generate income. The insurer argued the hotel did not have to close in its entirety. The court looked at the plain language of the policy. Finding the plain language to be unambiguous, it applied the policy as written. It determined the policy language required that the hotel had to close in its entirety, not just a few rooms, for the business interruption coverage to be triggered. It, therefore, granted summary judgment to the insurer on the business interruption claim.