

California Court Gives Policyholders a Boost: Appellate Panel Publishes Pro-Policyholder COVID-19 Decision

USA Herald

This is the case of Shusha Inc. v. Century-National Insurance Co., in the Court of Appeal of the State of California, Second Appellate District.

A recent decision by a California state appellate panel has given hope to policyholders seeking insurance coverage for their COVID-19-related losses. The panel has agreed to publish a December pro-policyholder decision, making it citable as authority for parties litigating similar cases in the Golden State. The move comes after consumer protection nonprofit United Policyholders and Endeavor Operating Co. LLC argued that keeping it unpublished would allow insurers to interpret California's insurance law in their favor incorrectly.

The December decision was a rare ruling in favor of policyholders, who have faced an uphill battle in courts since the global pandemic forced businesses to close in March 2020. The panel's decision revives a Los Angeles Italian restaurant's COVID-19 coverage case against Century-National Insurance Co.

United Policyholders argued that the panel's "well-reasoned" ruling in favor of the restaurant, Shusha Inc., should be published so that it can assist lower courts in resolving important disputed issues in California insurance law regarding the scope of the appellate court's July holding in Marina Pacific Hotel and Suites LLC v. Fireman's Fund Insurance Co.

In that case, the appellate court held that the hotel owners' allegations that the virus physically altered their property were enough to allow their business interruption suit to move forward. United Policyholders argued that insurance companies, including Century-National, have incorrectly argued that the appellate

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court's Marina decision should be narrowly interpreted to apply only to the facts of that case when it instead should be adopted more broadly to allow policyholders to move forward with their COVID-19-related insurance claims in court.

The panel's decision to publish its opinion is an essential step towards getting the law right for policyholders and preventing insurers from acting in bad faith. Policyholders deserve a fair chance to recover their losses and move forward as the pandemic continues to ravage businesses and disrupt lives.

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