A Disaster Waiting to Happen:
Insurance Coverage Issues for Catastrophic Losses

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Introduction

Commercial Property Insurance is an essential instrument of asset protection for any business owner. It can provide valuable security against both physical loss (e.g. damaged or destroyed property) and economic loss (e.g. business income losses and extra operational expenses). However, as with any type of insurance, commercial property policies contain a wide array of exclusions and restrictions that limit coverage. Yet unlike certain other forms of insurance, such as general liability policies, commercial property polices are semi-custom, meaning that the insuring language will vary between carriers based upon the particular insurance carriers’ tolerance for risk and based upon the amount of premium the insured is willing to pay. Coverage is also impacted by the interpretation of the policy language of the various courts. Therefore, what is deemed covered in one particular legal jurisdiction may be considered excluded in another.

Highlighting the importance of the particular policy language obtained by the insured and the legal jurisdiction interpreting the policy are the evolving insurance coverage issues pertaining to catastrophic losses. In such cases, insurers may seek to mitigate their exposure, given both the volume and magnitude of the claims associated with catastrophic events. Policyholders, who often feel that they are fully covered, and purchased insurance especially for catastrophic losses, expect a full recovery and don’t expect an overly arduous process to recover. This article provides an overview of some of the most common insurance coverage issues encountered after catastrophic losses.

I. Concurrent Causation

Property losses often involve multiple causes. In some situations, a sequence of related causes can result in a loss. A motor vehicle during a winter blizzard may collide into a telephone pole, damage an electrical transformer that results in a prolonged power outage. The power outage may cause a property owner to be without heat, and lead to property damage from burst pipes. In other situations, two or more independent and unrelated causes will result in a loss. Sometimes these independent causes are each capable of causing complete damage, while in other cases neither of the two independent causes, without the other, is sufficient to render a loss. Another example is when a significant windstorm also causes huge ocean waves and flooding; each of the two causes could independently decimate the insured property without the involvement of the other. Illustrating the latter situation is a scenario where a contractor on a building project fails to
place temporary coverings over the framed window openings of the incomplete structure, enabling heavy rains from an overnight storm to enter the structure and cause property damage to the interior work. (Exposed openings without rain would not cause damage, and vice versa). Establishing coverage in situations involving more than one cause can be complicated, especially if the loss involves both covered and non-covered causes.

The 2011 Japan earthquake and tsunami is perhaps the best example of losses with complicated concurrent causation issues. The earthquake caused widespread losses throughout Japan, including:

1. Extensive damage from one of the largest earthquakes ever recorded (8.9 on the moment magnitude scale)
2. Additional and extensive damage from the subsequent tsunami which caused waves of up to 133 feet and which travelled six miles inland in the Sendai area
3. Significant damage to roads, bridges, and ports throughout Japan, which caused extensive logistical problems with shipping and ingress and egress to plants.
4. Power outages as caused by damage to the Tokyo Electric Power (TEPCO) plant, which experienced flooding from the tsunami
5. Subsequent nuclear radiation issues at the TEPCO plant
6. Actions by the Japan government to establish a safety zone around the TEPCO plant as a result of the radiation issues
7. Extensive disruption to the supply chain of many corporations throughout the world as a result of damage to suppliers’ plants
8. Extensive disruption to the supply chain of many corporations as a result of power outages suffered by suppliers and ingress/egress issues experienced by suppliers as a result of the damage to roads and bridges.
9. Disruption to the supply chain of many corporations as a result of the impact of the nuclear radiation issues and the subsequent actions by the Japanese government to establish a safety zone
10. Extensive disruption to the customers of many corporations throughout the world as a result of damage to suppliers’ plants
11. Extensive disruption to the customers of many corporations as a result of power outages suffered by other customers and ingress/egress issues experienced by other customers as a result of the damage to roads, bridges, and ports.
12. Disruption to the customers of many corporations as a result of the impact of the nuclear radiation issues and the subsequent actions by the Japanese government to establish a safety zone.

The disruption to the supply chain and to customers is further complicated as it impacted both direct suppliers and customers and indirect suppliers and customers. (This is complicated all the more as the indirect impact may extend several layers; it may not be limited to an impact caused by suppliers of suppliers or customers of customers.)

Honda Motor Company, for example, suffered direct damage to their plants. In addition, Honda had approximately 110 suppliers located in the earthquake zone. These suppliers were impacted by the earthquake in different ways. Many were also impacted by the tsunami. Many of Honda’s customers were impacted. The impact to the roads, bridges, and ports most certainly had an impact. The power outages impacted their plants and the plants of their suppliers and customers. The nuclear radiation issues and subsequent actions by the Japan government to establish a safety zone may have had an impact as well.

After a significant catastrophic loss, a policyholder should work to understand the expected impact to their operations and should carefully review their insurance coverage. If the loss is expected to be extensive, an experienced insurance coverage attorney should assist with the insurance review. They will consider such items as the availability of coverage for direct physical losses, coverage for problems with ingress/egress, coverage for service interruption, coverage for actions by civil authority, coverage during an extended period of indemnity and coverage for contingent business interruption. For contingent business interruption, they will want to evaluate the coverage available for damage to direct suppliers and customers and indirect suppliers and customers. They will also evaluate specific exclusions, such as nuclear exclusions, and will consider the impact of specific anti-concurrent causation wording. In each case, they will consider the potential impact of specific insurance coverage case law. They will need to closely review the facts of the loss and will work to understand the concurrent causation, including the following specific causes:

A. Sequential, Dependent (Linked), Causes

With respect to losses involving both covered and uncovered sequential causes, courts often apply an efficient-proximate cause test. If the efficient or proximate cause is a covered cause of loss the
claim is held to be covered. Conversely, if such cause is excluded, the insurance policy may not afford coverage. There is wide variation between the courts concerning the method used to determine the efficient-proximate cause. Most courts consider the first material (as opposed to remote) cause within the series of events leading to the loss to be the efficient proximate cause. For example, the Washington Supreme Court noted that “where a peril specifically insured against sets other causes into motion which, in an unbroken sequence, produce the result for which recovery is sought, the loss is covered, even though other events within the chain of causation are excluded from coverage.” *McDonald v. State Farm Fire & Cas. Co.*, 837 P.2d 1000, 1004 (Wash. 1992). Other courts do not necessarily focus upon the first material act within the chain of uninterrupted events (or event the last event) but instead seek to ascertain the most significant factor among all the series of events that resulted in the loss. “The efficient proximate cause . . . is not necessarily the last act in a chain of events, nor is it the triggering cause. The efficient proximate cause doctrine looks to the quality of the links in the chain of causation. [It] is the predominating cause of the loss.” *Murray v. State Farm Fire and Cas. Co.*, 509 S.E.2d 1, 12 (W.Va. 1988). New Jersey courts, which also utilize the term “efficient proximate cause”, apply a broader interpretation of the standard that is favorable to insureds, finding coverage so long as there is covered cause within the chain of events: “with regard to sequential causes of loss, our courts have determined that an insured deserves coverage where the included cause of loss is either the first or last step in the chain of causation which leads to the loss.” *Simonetti v. Selective Ins. Co.*, 859 A.2d 694, 700 (N.J. Super. App. Div. 2004)

**B. Non-Sequential, Independent (Unrelated), Causes**

There are three main approaches to examining coverage when a claim involves multiple independent causes. Two of these approaches involve concurrent cause analysis while the third utilizes the efficient-proximate cause test, previously discussed. The primary (pro-policyholder) view holds that when damage(s) cannot be isolated to one cause or the other, the entire loss is considered to be covered. The Appeals Court of Illinois succinctly states this viewpoint in *Matis v. State Farm Fire & Cas. Co.*, 454 N.E.2d 1156 (Ill. App. Ct. 1983) “Where a policy expressly insured against loss caused by one risk but excludes loss caused by another risk, coverage is extended to a loss caused by the insured risk even though the excluded risk is a contributory cause.”. *Id.* at 1161.\(^1\) The Florida case of *Wallach v. Rosenberg*, 527 So.2d 1386 (Fla.

\(^{1}\) *Matis* held that a collapsed basement caused by the combination of the excluded cause of earth movement and the covered cause of improper design was covered by the policy.
App.1988) amplifies upon this rule in a case where two events that were independently are non-threatening, (1) negligent maintenance and (2) severe rainstorm, combined to result in damage to a seawall. The court noted “where [excluded] weather perils combine with [covered] human negligence to cause a loss, it seems logical and reasonable to find the loss covered by an all-risk policy even if one of the causes is excluded from coverage.” Id. at 1388.

The minority (pro-insurer) view, recognized by federal courts applying Texas and Michigan law, is the complete opposite of the primary view and thus places the onus upon the insured to establish coverage by segregating the damage from the covered event from the excluded event. “Under Texas law . . . if covered and non-covered perils combine to create a loss, the insured may only recover the amount caused by the covered peril. . . . [and] insured bears the burden of presenting evidence that will allow the trier of fact to segregate covered losses from non-covered losses.” Fiess v. State Farm Lloyds, 392 F.3d 802, 807 (5th Cir. 2004). “[T]he default rule under Michigan law is that a loss is not covered when it is concurrently caused by a combination of a covered cause and an excluded cause . . . Thus, if the damage cannot be indentified as distinct from the excluded cause of loss, then the entire claim is excluded.” Iroquois on the Beach, Inc. v. General Star Indem. Co., 550 F.3d 585, 588 (6th Cir. 2008)

As mentioned, the third approach seeks to utilize the efficient-proximate cause test, commonly applied to sequential causes of loss, to cases involving simultaneous causes. California, for example, adopts this standard to first-party policies, such commercial property insurance. In the case of Metric Const. Co., Inc. v. Allianz Global Risks US Ins. Co., 2006 WL 3008451 (Cal. App. 2d Dist. 2006) (unpublished), the California Appellate Court applied this test to a builders risk policy claim for roof damage caused by a combination of faulty workmanship and warped (“out of plane”) steel. Concluding that the primary event was the excluded clause of faulty workmanship, the loss deemed excluded.

[T]here was evidence that the damage to the roof had multiple causes, and the critical issue before the trial court was the determination of which cause constituted the efficient proximate cause. Metric's expert testified that defective construction of the roof and excessive insulation contributed to the damage, but opined that the primary cause was the uneven and “out of plane” steel framing. Allianz's expert opined that the primary cause was defective construction of the roof and minimized the significance of other causes. . . . Both Metric and Allianz accepted the position that the cost of repairing the roof would be excluded from coverage if the efficient proximate cause of the roof damage was defective roof workmanship, but would be covered as resulting damage if the efficient proximate cause was a defect in another
component of the building. . . [T]he trial court found defective workmanship in the construction of the roof to be the single efficient proximate cause of the loss.

Id. at *3. The efficient proximate cause approach is workable in situations where one of the independent causes can be considered to be a predominant factor in causing the loss (even though the relevant factors are not necessarily linked or dependent upon each other; i.e. where the loss does not concern a “chain of events.”). However, the test is generally impractical in scenarios where the two causes are equally significant, and could independently cause the same damage, or conversely, when they are equally insignificant. See e.g. Amherst Country Club, Inc. v. Harleysville Worcester Ins. Co., 561 F. Supp. 2d 138,(D.N.H. 2008) (applying New Hampshire law) concluding that the efficient proximate cause doctrine did not apply in property insurance policy dispute over coverage for swimming pool that was destroyed due to the causes of (1) draining the pool and (2) hydrostatic pressure from heavily saturated ground, which together caused pool to float, rise, and crack.. Neither event was considered an efficient proximate cause, meaning that coverage could not be decided by such standard.

C. Anti-Concurrent Cause Provisions

Insurance companies have sought to limit the scope of coverage in instances involving concurrent (covered and uncovered causes) by incorporating anti-concurrent (“ACC”) clauses. It has been noted that insurers incorporated ACC provisions into their policies as an industry response to broad applications of the efficient proximate cause and pro-policyholder concurrent cause standards applied by the courts, thus expanding the scope of insurance beyond what was originally intended by the insurers. ACC provisions typically look to exclude coverage so long as an uninsured cause is involved; whether directly or indirectly. The common provision is as follows:

*We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.*

Other ACC provisions contain exceptions for specific types of losses that are the result of concurrent covered and uncovered events, such as:

*We will not pay for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently*  

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3 Insurance Services Organization Form CP 10 30 04 02
Conversely, other clauses are more draconian than the standard language, seeking to eliminate coverage in any way, when an excluded loss is involved.

We do not insure under any coverage for any loss which would not have occurred in the absence of one or more of the following excluded events. We do not insure for such loss regardless of: (a) the cause of the excluded event; or (b) other cause of the loss; or (c) whether other causes acted concurrently or in any sequence with the excluded event to produce the loss; or (d) whether the event occurs suddenly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these...4

The ACC clauses in their various forms have been challenged and examined in the context of hurricanes and other tropical storms. The scope and enforceability of such clauses has been met with divided opinion. Many federal courts have upheld their application, finding that they are plainly written and are intended to preclude coverage so long as the excluded cause is a factor in the loss. For example, in ARM Properties Mgmt. Group v. RSUI Indem. Co., 400 F. App'x 938 (5th Cir. 2010) the Fifth Circuit, applying Texas law, held that the policy’s ACC provision precluded coverage for a Hurricane Katrina loss involving the combined factors of wind (covered) and rain (excluded). “The plain language of the ACC Clause and Water Exclusion, read together, exclude from coverage any damage caused by a combination of wind and water. Thus, the combined wind-water damage at issue here is a peril expressly excluded from coverage.” Id. at 941. In another Fifth Circuit opinion, Arctic Slope Reg’l Corp. v. Affiliated FM Ins. Co., 564 F.3d 707, 712 (5th Cir., 2009) the ACC provision was deemed enforceable under Louisiana law, despite its potentially harsh result.

The ACC clause is unequivocal and unyielding. It excludes insurance against loss or damage caused by or resulting from any of the listed causes, including flood (as defined by the policy). It then repeats that loss or damage is excluded "regardless of any other cause or event whether or not insured under this policy that contributes concurrently or in any sequence to the loss or damage." . . . The ACC clause operates exactly as it was intended, and it is not ambiguous. The clause eliminates application of an efficient proximate cause rule . . . by excluding coverage altogether.

Id. at 712.

Outside of the Fifth Circuit, other courts (primarily state courts) have found that ACC clauses are unenforceable because they violate public policy. Such courts consider these clauses unfair

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4 This clause was utilized by State Farm Insurance company, and was applied in the case of Tuepker v. State Farm Fire & Cas. Co., 507 F.3d 346, 354 (5th Cir. 2007).
because they attempt to preclude coverage even when the predominant cause of loss is otherwise a covered event, thereby deviating from the ordinary expectations of the insured. The West Virginia Supreme Court expressed this position in Murray v. State Farm Fire & Cas. Co., 509 S.E.2d 1 (W. Va. 1998), by stating “[b]ecause State Farm's lead-in (anti-concurrent) clause conflicts with the reasonable expectations of the parties, it should be construed to allow coverage for losses proximately caused by a covered risk, and deny coverage only when an excepted risk is the efficient proximate cause of the loss.” California courts apply similar reasoning, and have found that such provisions violate its state’s statute: Cal Ins. Code §530. Thus, the California Appellate court found that an insurer cannot utilize an ACC provision to avoid coverage under circumstances where the excluded peril is not the predominant peril: “We conclude that a property insurer may not limit its liability in this manner, since the statutory and judicial law of this state make the insurer liable whenever a covered peril is the ‘efficient proximate cause’ of the loss, regardless of other contributing causes.” Howell v. State Farm Fire & Cas. Co., 267 Cal. Rptr. 708, 711-712 (Cal. Ct. App. 1990).

Also limiting the impact of the ACC provision, albeit not because of public policy or statutory reasons, is the Mississippi Supreme Court decision in Corban v. United Svcs. Automobile Ass'n, 20 So.3d 601, 609 (Miss.2009). The Corban court rendered an opinion that limited the scope of the ACC provision to those instances where the excluded and covered causes truly occur simultaneously. The decision was based upon an assessment of the elements required to satisfy the insuring conditions of the policy. Specifically, the Corban court found that coverage, once established, cannot be taken away because another sequential event happens to be excluded. The Court stated:

No reasonable person can seriously dispute that if a loss occurs, caused by either a covered peril (wind) or an excluded peril (water), that particular loss is not changed by any subsequent cause or event. Nor can the loss be excluded after it has been suffered, as the right to be indemnified for a loss caused by a covered peril attaches at that point in time when the insured suffers deprivation of, physical damage to, or destruction of the property insured. An insurer cannot avoid its obligation to indemnify the insured based upon an event which occurs subsequent to the covered loss. The insured's right to be indemnified for a covered loss vests at time of loss. Once the duty to indemnify arises, it cannot be extinguished by a successive cause or event.

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5 Cal Ins. Code §530 states: that “An insurer is liable for a loss of which a peril insured against was the proximate cause, although a peril not contemplated by the contract may have been a remote cause of the loss; but he is not liable for a loss of which the peril insured against was only a remote cause.”
Accordingly, *Corban*, eliminates the application of the ACC clause to claims involving sequential causes that are subject to Mississippi law, because such a result would be considered to run afoul with the premise that a covered cause of loss does not become uncovered by virtue of a separate excluded event occurring at a different point in time. “The ACC clause applies only if and when covered and excluded perils contemporaneously converge, operating in conjunction, to cause damage resulting in loss to the insured property.” *Id.* at 616.6

The various approaches discussed above that have been utilized to address the complex issue of concurrent causes illustrate the significance of the jurisdiction where the dispute is decided. However, as mentioned, commercial property policies are semi-custom products and therefore, can often be negotiated to include coverage for certain causes which may otherwise be commonly excluded. Certain hurricane and flood endorsements, for example, are available on the market for additional cost. Thus, the potential of confronting losses involving anti-concurrent clause issues can be mitigated if the insured decides from a cost benefit standpoint that the value of the additional insurance for particular risks that are otherwise subject to ACC provisions warrants the increase in premium.

In *CII Carbon LLC v. National Union Fire Ins. Co. of Louisiana, Inc.*., the insured claimed losses attributable to direct physical damage while repairs were being made and, once repairs were completed, the insured claimed ongoing losses attributable to contingent business interruption. The insurer contended that the entire loss attributable to CII Carbon's loss of steam should fall under the contingent time element coverage. Because the contingent time element coverage was limited by the policy to $500,000, the insured could have been faced with a large uninsured loss.

The court sided with the insured and concluded that the entire loss was covered as a normal business interruption loss, which had adequate sublimits, and that the contingent business interruption loss only applied when repairs were complete to the insured's property—when the lack of steam from the supplier was the only remaining issue. Courts have generally found that the insured can use available coverage as it sees fit to maximize recovery.

**II. Contingent Time Element Loss**

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6 *The Corban* court further indicated that it is the insurer that bears the burden of demonstrating that an excluded cause occurs concurrently with the covered cause, in order for the ACC provision to apply. See *Corban*, 20 So.3d at 619.
Contingent Time Element Coverage covers the insured for losses that occur to their suppliers or customers. Typical contingent time element coverage is:

*The Business Interruption endorsement attached to this policy is extended to insure against loss directly resulting from necessary interruption of business caused by direct physical loss or damage insured hereunder, to property not otherwise excluded, located on the premises of a supplier or customer of the insured.*

Some policies specify that the loss must be within the Territory insured in the policy. Most policies require that the loss that occurs to the customer or supplier be of the type insured under the policy. So, if a customer or supplier incurs an earthquake loss that results in a loss to the insured, the insured’s loss would only be covered if the policy covers the peril of earthquake.

Most Contingent Time Element Coverage covers only losses attributable to the physical damage to a “direct” customer or supplier. Other policies also cover losses attributable to an “indirect” (or second tier) customer or supplier.

Many policies list specific customers and suppliers, and include separate sub-limits for those listed.

If the policy only covers direct losses to customers or suppliers, it may be important to determine who specifically is the policyholder’s customer or supplier. In *Archer Daniel Midlands Co. v. Phoenix Assurance Co.*, the court held that the Army Corps of Engineers was a "supplier," since they paid fees to the Corps for the use of locks and other facilities.

If the loss occurred to a customer or supplier not within a territory insured by the policy, the insurer may claim that the loss is not covered. Some contend that the Territory does not limit coverage. So, if a United States based policyholder incurs a contingent loss because of a damage incurred by a supplier or customer outside of the United States, they may still have coverage.

Determining the proximate cause and the period of indemnity for a contingent loss can also be tricky. With a direct loss, the policyholder has unfettered access to the damaged plant and can work with plant management to specifically identify the impact of the loss and the time to complete repairs. With a contingent loss, obtaining such information from the supplier or customer can be difficult. Also, the loss experienced by the policyholder may not coincide with the period of indemnity of the supplier or customer; the loss may occur at a later date.
III. Preservation of Property

Many policies provide coverage for “reasonable and necessary costs incurred for actions to temporarily protect or preserve insured property.” Others provide Time Element coverage for the business interruption loss and extra expenses incurred as a result of the steps taken to preserve the property.

With the threat of an impending hurricane, it is often prudent for policyholders to go through a unplanned shutdown rather than to face the risk of a catastrophic loss. However, even a planned shut-down can have a debilitating impact on some plants. Most petrochemical plants, for example, operate 24-hours per day, seven days per week. These plants cannot be turned on and off without a significant impact. A planned shutdown can have a multi-million dollar impact. Also, the planned shutdown of one plant can have a significant impact to other plants, for companies that have highly integrated production networks.

To complicate matters further, many plants schedule a periodic “turnaround” to complete preventative maintenance. When forced to shut down with the impending loss, many plants will work to do much of their planned turnaround earlier. The impact of completing the turnaround earlier may help to mitigate the loss as the turnaround won’t need to be completed at the later date.

IV. Leasehold Interest Coverage

The coverage allows the insured to recover for the incremental cost of the forced cancellation of a lease, as caused by an insured loss, with favorable lease terms. It is often not limited to the “period of indemnity” of the policy; this coverage typically extends for the remaining term of the lease. For example, suppose an insured has a building that has twenty remaining years on a lease at $40 per square foot. The building is badly damaged and the landlord cancels the lease. If the insured then finds a comparable building but must pay $50 per square foot, the incremental cost of $10 may be recoverable for the remaining twenty years. (A more detailed analysis of the old and new leases may be necessary to assess the true impact.)

This was tested after the 2001 World Trade Center attacks, where many tenants had favorable lease terms but, after the loss, had to secure alternate space at a much higher rate.

V. Idle Periods
One common exclusion for business interruption losses is the “idle period” clause. This is also often the subject of controversy. Typical Idle Period wording is:

This Policy does not insure against:

Any loss during any idle period, including but not limited to when production, operation, service or delivery or receipt of goods would cease, or would not have taken place or would have been prevented due to:

1) physical loss or damage not insured by this Policy
2) planned or rescheduled shutdown
3) strikes or other work stoppage
4) any other reason other than physical loss or damage of the type insured.

This wording highlights that the policy does not cover items that would not have impacted operations, other than the loss itself. However, insurers have used this clause to contend that the incident itself would have impaired operations and work to avoid paying the actual loss sustained by the policyholder.

VI. Loss of Market
Many policies include an exclusion for “loss of market.” This is an often contentious issue after catastrophic losses. After Hurricane Katrina, some businesses that experienced significant damage turned to their insurer to recover their business interruption losses. They looked to recover what they expected was fully covered – the difference between what they expected to do before the hurricane and what they actually did after the hurricane. Some insurers looked to reduce the actual loss sustained by the policyholder by a decline in market after the loss. They contended that customers moved out of the gulf coast area and wanted a credit for the reduction. (Interestingly, they would not allow a policyholder to increase a claim for any influx of contractors or insurance professional after a loss. They also would expect a credit for the “gain of market” if a competitor of the policyholder’s went out of business as a result of the incident.)

This issue was tested after the 2001 World Trade Center terrorist attacks. In DuaneReade, Inc. v. St. Paul Fire & Marine Ins. Co., 279 F.Supp.2d 235 (S.D.N.Y. 2003); 411 F.3d 384, 398-399 (2d Cir. 2005), the insurer contended that the market in downtown Manhattan declined after the loss and wanted to adjust the loss accordingly. The Federal District Court disagreed, stating:

“The loss of market exclusion relates to losses resulting from economic changes occasioned by, e.g., competition, shifts in demand, or the like; it does not bar recovery for loss of ordinary business caused by a physical destruction or other covered peril.”
The loss of market exclusion should not allow the insurer to avoid paying for losses that come with any catastrophic loss – a change in market brought about by the incident itself.

**Conclusion**

Catastrophic property losses, such as hurricanes, earthquakes, tsunamis, typhoons, flooding, and terrorist attacks, can have a debilitating impact on an entire country, resulting in loss of life, destruction of property and damage to critical infrastructure. Financial losses are often enormous, both to companies who suffered direct losses and to those who were impacted by the break in the supply chain, often felt throughout the world. These financial losses can sometimes be attributable to one specific cause, or to several concurrent causations. The difficulties with ascertaining the availability of coverage after a catastrophic loss is highlighted by the divergence of court opinion. Far too often, corporate management, who believe they did all the rights things to secure comprehensive coverage and are particularly interested in coverage in the event of a catastrophic loss, find themselves facing insurers who think otherwise.
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