

IMPORTANT COVID-19 UPDATE

BEWARE OF THE SUIT LIMITATION CLAUSE FOR BUSINESS INTERRUPTION CLAIMS

Last year when the pandemic hit, many policyholders submitted business interruption claims to their property insurance carriers for COVID-19 related business and income losses. At the time, carriers universally took the position that they were denying such claims absent an express coverage grant such as event cancellation, etc. In response, nearly 1,500 policyholders filed suits across the country while others decided to wait and see [what happened with those suits](#).

Despite the volume of cases in the United States and around the world, there is still not much clarity from the courts on whether insurers must pay for COVID-19 related business interruption here in the United States.

At this time, although both policyholders and insurers have won rulings in their respective favors, the vast majority of cases have been ruled in favor of the insurer, leaving policyholders without a clear avenue for recovery. Therefore, the policyholders who took the wait-and-see approach may be running out of time to sit on the sidelines.

If you filed a claim, make sure you understand the suit limitation in your policy and what you must do to protect your rights.

What Is A Suit Limitation?

Many property policies contain what is called a "suit limitation" clause that limits the time within which a policyholder must bring a lawsuit against their carrier if they seek coverage for a loss.

Some of these suit limitation clauses can be quite short. In fact, some policies have suit limitations of just 12 months. Significantly, for some of these policies, that time period begins

to run the moment the policyholder sustained or incurred its loss. Thus, for those policyholders seeking business interruption coverage related to COVID-19, that time period could have begun to run the moment they first incurred any business interruption or income loss.

Where Can I Find My Suit Limitation?

Many carriers expressly included the suit limitation clause in their declination letters. If the carrier did not, the provision usually is found in the conditions section of the policy, but may be in other sections or an endorsement.

If there is no suit provision, the time period is governed by the statute of limitation under applicable state law.

What Is Next?

Even though not every jurisdiction strictly enforces suit limitation clauses, policyholders may still want to be cognizant of any suit limitation clause in their policies in order to protect their rights to coverage.

If you are unsure of your policy's suit limitation clause, or if your policy even has one, please contact your Conner Strong & Buckelew representative so that they can assist you.

Please visit our [COVID-19 Resource Center](#) for more information.

