



About the Firm

Shapiro Sher was founded in 1972 with the mission of providing outstanding legal counsel for businesses of all sizes. Based in Baltimore, the firm is nationally recognized for its practices in business and real estate law, construction litigation, bankruptcy, and creditors' rights. For over four decades, the firm has provided invaluable representation to large corporations, emerging growth businesses, governments, non-profits, and individuals.

Our real estate and construction attorneys are experienced in all aspects of acquisitions and sales, development, leasing, and real estate finance. Headed by **David B. Applefeld**, Shapiro Sher's Construction and Real Estate Litigation Practice represents developers, contractors, design professionals, and property owners throughout the Mid-Atlantic region and beyond. Mr. Applefeld has successfully litigated construction defect claims, landlord-tenant disputes, insurance coverage matters, mechanics' lien actions, and architectural and engineering professional negligence claims in all levels of state and federal courts, and before administrative agencies.

Mr. Applefeld currently serves as Section Counsel to the Maryland State Bar Construction Law Section, and has been nationally recognized by *The Best Lawyers in America*® in the area of construction litigation.

OUTBREAKS, INTERRUPTION & INSURANCE

By David B. Applefeld, Esquire

Most commercial insurance policies provide business interruption coverage which is purchased to protect an insured business that loses income when its business activities are disrupted. In light of the recent governmental restrictions and the growing concern that the coronavirus outbreak will continue to interfere with global business activity, it is a good time for business owners to review their insurance policies and, in particular, their **business interruption coverage**.

Business interruption coverage is purchased to protect a business from a financial loss suffered as a consequence of an event which interrupts business activity. This insurance is typically triggered following a direct physical loss, such as a fire or flood which damages the business premises. In the case of the coronavirus outbreak, a direct physical loss may not exist, absent a contamination at your place of business. However, each insurance policy is unique and there is no uniform rule which the courts have applied when determining whether a triggering loss has occurred. Certain policies also include a **contingent business interruption** endorsement, which provides insurance for losses resulting from disruptions to a business' customers or suppliers. This coverage usually requires that the underlying cause of damage to the customer or supplier be the same type of loss covered under the business' own interruption coverage. Many commercial property policies also provide coverage for business income which is lost when a "civil authority" prohibits or impairs access to the insured's place of business. Depending upon the specific policy language in place, **civil authority coverage** may not require a direct physical loss to the insured business premises. Finally, for those businesses in the travel and hospitality industry, specialized insurance policies and endorsements can be purchased to extend coverage for losses caused by "**communicable or infectious diseases**" without the requirement that there be a direct physical loss.

Not all business interruption coverage is identical, but all insurance policies require the insured business to establish its loss with reasonable certainty. As such, it is important for any business owner facing an interruption to carefully review what its insurer requires and keep detailed records to accurately document any loss.

If you have questions about the topic of this article or other legal matters, contact David B. Applefeld at **(410) 385-4267** or dba@shapirosher.com.

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