

BUSINESS INSURANCE.

Minor league baseball teams sue insurers

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Judy Greenwald

More than 20 minor league baseball teams filed suit against their insurers in federal district court Tuesday for their failure to pay their COVID-19-related business interruption claims.

“The result of the cancellation of much or all of the (minor league baseball) season is catastrophic financial losses for all minor league teams including the Plaintiff Teams,” says the lawsuit filed in U.S. District Court in Philadelphia in *Chattanooga Professional Baseball LLC d/b/ Chattanooga Lookouts et al. v. Philadelphia Indemnity Insurance Co.; Acadia Insurance co.; National Casualty Co.; Scottsdale Indemnity Co.; Scottsdale Insurance Co.*



“The operating model for (minor league baseball) teams is entirely dependent on receiving players, coaches and other team personnel for the (major league baseball) teams with which they have an affiliation agreement requiring that MLB team to provide players and other personnel.

“It is also dependent on being permitted by federal, state and local governments to allow” fans’ admission to minor league games, says the complaint.

The lawsuit says the insurers have refused to pay their claims on the basis the teams’ losses were not attributable to any physical loss or damages.

The insurers “have failed to meet their obligations” by refusing to pay business interruption claims, says the lawsuit. It charges the insurers with breach of contract and anticipatory breach of contract, and seeks a judgment they are entitled to the full amount of coverage.

Nationwide Mutual Insurance Co., whose National Casualty Co., Scottsdale Indemnity Co. and Scottsdale Insurance Co units were named as defendants in the lawsuit, said in a statement it “understands the extremely difficult circumstances that businesses are finding themselves in during this unprecedented global crisis, especially as each day brings new developments.”

It said, “Business interruption coverage due to a virus outbreak has been excluded from standard policies issued to business owners across the insurance industry for quite some time. The risk for such an event is so vast, including it in standard coverage would make such coverage unaffordable or even unavailable.”

A spokeswoman for W.R. Berkley unit Acadia Insurance had no comment, while a spokesman for Tokio Marine Group unit Philadelphia Indemnity did not respond to a request for comment.

U.S. insurer CEOs have [expressed optimism](#) that business interruption policy wordings on commercial property insurance policies related to the coronavirus pandemic will hold.

More insurance and risk management news on the coronavirus crisis [here](#).
