

Insurance

Minor League Baseball Teams Sue Insurers Over Virus Coverage

By Jacob Rund

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- **Court:** E.D. Penn.
 - **Track Docket:** No. [2:20-cv-03032](#) (Bloomberg Law Subscription Required)
 - **Company Info:** [Philadelphia Indemnity Insurance Co.](#) (Bloomberg Law Subscription Required)
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The Chattanooga Lookouts, Binghamton Rumble Ponies, Amarillo Sod Poodles, and more than 10 other minor league baseball teams are suing their insurance providers over denied claims for pandemic-related losses.

The New York and Texas teams join a long list of companies taking insurers to court to settle coverage disputes after the coronavirus forced states to shutter nonessential businesses and sports leagues to hit the pause button on their seasons.

With much of the minor league baseball season postponed and potentially canceled, teams face “catastrophic financial losses,” according to the complaint filed Tuesday in a federal district court in Pennsylvania against Philadelphia Indemnity Insurance Co., Acadia Insurance Co., National Casualty Co., and other insurers.

The teams can’t pay leases to the ballparks’ municipal owners without insurance payouts, they said. Those leases account for a significant portion of the \$2 million in expenses, on average, that each team incurs during the year, the complaint said.

Insurers have broadly held that they aren’t required to pay out claims for coverage related to the pandemic, as many policies have virus exclusions and business owners weren’t actually prevented from accessing their property.

The minor league teams’ insurance providers refused coverage under “all risks” policies, “thereby placing the teams in serious risk of economic failure and jeopardizing the future of America’s Pastime as we know it,” the complaint said.

Several hospitality and beverage providers doing business with the minor leagues joined the teams in their litigation.

Major League Baseball's refusal to provide players and resources to their minor league affiliates during the pandemic should be considered a primary cause of the affiliates' business interruptions, the complaint said. "With no players, no games, and no fans, the teams' losses of business income for the 2020 MiLB baseball season have been near total," it said.

Cause of Action: Breach of contract; anticipatory breach of contract

Relief: Declaratory judgment; unspecified damages.

Response: Representatives for the insurance companies couldn't immediately be reached for comment.

Attorneys: Mitchell Sandler LLC is representing the minor league teams.

The case is Chattanooga Prof'l Baseball LLC v. Philadelphia Indem. Ins. Co., E.D. Pa., No. 2:20-cv-03032, complaint filed 6/23/20.

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