

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION

Sugar Bliss LLC and Sugar Bliss Palmer	)	
House LLC,	)	Case No. 20-cv-05017
	)	
Plaintiffs,	)	
	)	<b>JURY TRIAL DEMANDED</b>
v.	)	
	)	
Twin City Fire Insurance Company	)	
	)	
Defendant.	)	

**COMPLAINT**

Now come Plaintiffs, Sugar Bliss, LLC (“Sugar Bliss”), and Sugar Bliss Palmer House, LLC (“SBPH”)(collectively the “Insureds”), through their attorneys, David B. Goodman and Kalli K. Nies, Goodman Law Group | Chicago, *of counsel*, and state as follows as their complaint against Defendant, Twin City Fire Insurance Company (“Twin City”):

1. The Insureds purchased property and casualty insurance from Defendant Twin City (the “Policy”) to cover risks associated with their business operations at their bakery and café that are conducted at two locations in Chicago, Illinois. **Exhibit 1**. Each of the locations at which the Insureds conducted their business operations are identified as insured locations (collectively, the “Insured Locations”) in the Policy.

2. In March 2020, the World Health Organization declared that COVID-19 was a global pandemic. Beginning in March 2020, state authorities in Illinois entered orders restricting activities including requiring the closure of dine-in restaurants and cafes (the “Illinois Orders”). The Illinois Orders required people to stay at home other than to the extent that they were engaged in essential business or procuring essential services. Compliance with the Illinois Orders restricted the use of commercial properties as they restricted access to commercial properties

other than for “essential” services. The Illinois Orders caused the Insureds to lose the use of the Insured Locations as they were required to suspend their operations as a consequence of the orders entered by civil authorities in Illinois.

3. The orders entered by the civil authorities limited the use of the Insured Locations by Insureds for their intended use and caused a direct physical loss of property to the Insureds.

4. The Insureds made claims under the Policy for the loss of business income caused by the direct physical loss of access to the Insured Locations at which Insureds conducted their operations.

5. Twin City responded to the Insureds’ claims denying that the Insureds incurred loss of business income as a result of a covered event. Twin City declined the claims for loss submitted to them by Insureds, failing to pay Sugar Bliss and SBPH the amounts due to them under the Policy for the loss of business income incurred by them at each of the Insured Locations.

6. The Insureds bring this action to recover the amounts for loss of business income due to them under the Policy resulting from the suspension of their operations in response to the orders entered by Illinois civil authorities. Additionally, the Insureds bring this action seeking recovery pursuant to Section 155 of the Illinois Insurance Code in response to Twin City’s bad faith handling of their claims.

### **THE PARTIES**

7. Plaintiff, SBPH is an Illinois limited liability company that does business as Sugar Bliss Patisserie, and its member is Teresa Ging, citizen of the State of Illinois. Therefore, SBPH is a citizen of the State of Illinois.

8. SBPH conducts its business at 122 S. Wabash Ave., Chicago, IL 60603. This property is specifically identified as an insured location in the Policy.

9. Plaintiff, Sugar Bliss, is an Illinois limited liability company that does business as Sugar Bliss Cake Boutique, and its member is Teresa Ging, citizen of the State of Illinois. Therefore, Sugar Bliss is a citizen of the State of Illinois

10. Sugar Bliss conducts its business at 115 N. Wabash, Chicago, IL 60602. This property is specifically identified as an insured location in the Policy.

11. Defendant, Twin City, is a Connecticut corporation with its principal place of business in Hartford, Connecticut.

### **JURISDICTION AND VENUE**

12. This Court has subject-matter jurisdiction pursuant to 28 U.S.C. § 1332(a)(1) because there is complete diversity of citizenship between the parties, as Plaintiffs are citizens of the State of Illinois, Defendant Twin City is a citizen of Connecticut, and the amount in controversy, exclusive of interest and costs, exceeds the jurisdictional minimum of \$75,000.

13. The dispute between the Insureds and Twin City arises from a breach of an insurance contract that was negotiated in Cook County, Illinois and that was delivered to the Insureds in Chicago, Illinois. Consequently, venue in this judicial district is proper pursuant to 28 U.S.C. §1391(b) as a substantial part of the events and omissions giving rise to the claims that are the subject to this litigation occurred within this judicial district.

### **FACTS COMMON TO ALL COUNTS**

14. The Insureds are in the bakery and café business at each of the locations identified in the Policy as Insured Locations.

15. The Insured Locations offer dine in services and have large display cases from which they market their products for patrons to view and choose from.

16. The Insureds were required to shut down their dine in services in response to the Illinois Orders. To mitigate their losses, Sugar Bliss continued pick-up and delivery orders out of Sugar Bliss' storefront only as SBPH could not conduct any operations out of its Insured Location and remain in compliance with the applicable health department regulations. However, as a consequence of the Illinois Orders, Sugar Bliss was substantially restricted in the use of its Insured Location resulting in a direct physical loss of property.

17. Through the Policy, Twin City agreed to pay the Insureds for the actual loss of "Business Income" sustained by them due to the necessary suspension of their "operations" during the "period of restoration" where the suspension is caused by direct physical loss of or physical damage to property at the "scheduled premises" caused by or resulting from a Covered Cause of Loss.

18. Twin City also agreed to pay for the "'Extra Expense' the insured incurs, "during the 'period of restoration' that the insured would not have incurred if there had been no direct physical loss or physical damage to property at the 'scheduled premises'... caused by or resulting from a Covered Cause of Loss."

19. "Extra Expense means expense incurred: (a) to avoid or minimize the suspension of business and to continue 'operations': (i) at the 'scheduled premises'; ... (b) To minimize the suspension of business if you cannot continue 'operations'."

20. The Policy defines "suspension" as "(a) the partial slowdown or complete cessation of your business activities."

21. Each of the Insureds' facilities are identified in the declarations in the Policy as locations for which there is Business Income Loss coverage.

22. "Occurrence" is defined in the Policy as "an accident, including continuous or repeated exposure to substantially the same general harmful conditions."

23. "Operations" is defined in the Policy as the insured's business activities occurring at the scheduled premises.

24. The Policy defines "period of restoration" as the time after the direct physical loss or damage caused by or resulting from Covered Cause of Loss at an insured location and occupancy is restored with "similar quality."

**Count I**  
**Breach of Contract- Sugar Bliss, LLC**

25. Plaintiff, Sugar Bliss, repeats and realleges the allegations of paragraphs 1-24 as the allegations of this paragraph 25.

26. During the period of coverage afforded under the Policy, Sugar Bliss conducted its operations in the State of Illinois.

27. The property that Sugar Bliss leased to conduct its operations was specifically identified in the Policy as an insured location.

28. On March 20, 2020, the Governor of Illinois entered an executive order in response to the spread of COVID-19, a global pandemic, requiring all individuals in the State of Illinois to stay at home with the exception of engaging in essential activities and ordered all non-essential businesses to cease operations except to the extent that work could be conducted from home or in a limited capacity in order to contain the spread of COVID-19 by people carrying the disease. The executive order required the state, county, and local departments of public health to implement regulations consistent with his executive order.

29. Compliance with the orders precluded Sugar Bliss from using the insured property for the performance of its operations other than in a substantially restricted manner. The orders resulted in a suspension of Sugar Bliss' operations.

30. The Policy defines "Operations" as business activities at the insured's covered location.

31. The Policy is an insurance contract for which Sugar Bliss paid premiums in exchange for Twin City's promise to pay claims for losses covered by the Policy, including, but not limited to, losses of business income for direct physical loss of property and for extra expenses incurred to mitigate those losses.

32. The orders restricted access to Sugar Bliss by its patrons as well as by its employees.

33. Compliance by Sugar Bliss with the orders restricted the use by Sugar Bliss of the Insured Location for its ordinary purpose and resulted in a direct physical loss of the covered property.

34. Sugar Bliss incurred a loss of business income due to the suspension of operations at the Insured Location.

35. Sugar Bliss incurred expenses from the losses arising from the orders entered by Illinois state and local authorities.

36. Sugar Bliss complied with all applicable provisions of the Policy.

37. Twin City denied Sugar Bliss' claim for loss of business income and extra expenses.

38. Twin City's denial breached its obligations to Sugar Bliss to pay its claims for the loss of business income and extra expenses resulting from the direct physical loss of property caused by the Illinois Orders.

39. Sugar Bliss sustained damages resulting from Twin City's breach of its contractual obligations to Sugar Bliss, including loss of business income and extra expenses.

**WHEREFORE**, Plaintiff Sugar Bliss, asks for judgment in its favor and against Defendant Twin City for the damages that it proves at trial and for such other relief as this Court deems just.

**Count II**  
**Breach of Contract- Sugar Bliss Palmer House, LLC**

40. Plaintiff, SBPH, repeats and realleges the allegations of paragraphs 1-24 as the allegations of this paragraph 40.

41. During the period of coverage afforded under the Policy, SBPH conducted its operations in the State of Illinois.

42. The property that SBPH leased to conduct its operations was specifically identified as an Insured Location under the Policy.

43. On March 20, 2020, the Governor of Illinois entered an executive order in response to the spread of COVID-19, a global pandemic, requiring all individuals in the State of Illinois to stay at home with the exception of engaging in essential activities and ordered all non-essential businesses to cease operations except to the extent that work could be conducted from home or in a limited capacity. The executive order required the state, county, and local departments of public health to implement regulations consistent with his executive order.

44. The orders restricted access to SBPH by its patrons as well as by its employees.

45. As a consequence of the orders entered by Illinois as well as travel restrictions that preclude prospective patrons from travelling, Palmer House Hilton Hotel (the “Palmer House”), the hotel to which SBPH is connected, has been closed for business since Illinois ordered the closure of all non-essential businesses.

46. The Palmer House’s closure resulted in the closure of the SBPH as well.

47. Due to Palmer House’s continued closure, access to SBPH is substantially restricted and has resulted in a suspension of its operations at the Insured Location.

48. SBPH also relies on the restroom facilities and garbage facilities provided inside the Palmer House.

49. Due to Palmer House’s continued closure SBPH cannot access the restroom facilities nor the garbage facilities.

50. The restricted access to Palmer House created and continues to create an impediment from SBPH from reopening to the public.

51. SBPH cannot operate at the Insured Location without access to the Palmer House and comply with the regulations applicable to SBPH’s operations.

52. Compliance with the orders precluded SBPH from using the insured property for the performance of its operations other than in a substantially restricted manner.

53. The Policy defines “Operations” as business activities at the insured’s covered location.

54. The Policy is an insurance contract under which SBPH paid premiums in exchange for Twin City’s promise to pay claims for losses covered by the Policy, including, but not limited to, payment for losses of business income for direct physical loss of property and for extra expenses incurred to mitigate those losses.



55. Compliance by SBPH with the orders restricting the use by SBPH of the Insured Location for its ordinary purposes resulted in a direct physical loss of covered property.

56. SBPH incurred a loss of business income as a result of the suspension of operations at the Insured Location.

57. SBPH incurred expenses from the losses arising from the orders entered by Illinois state and local authorities.

58. SBPH complied with all applicable provisions of the Policy, including payment of premiums due for the coverage it purchased.

59. Twin City denied SBPH's claim for loss of business income and extra expenses.

60. Twin City's denial breached its obligations to SBPH to pay its claims for the loss of business income and extra expenses resulting from the direct physical loss of property caused by the Illinois Orders.

61. SBPH sustained damages resulting from Twin City's breach of its contractual obligations to SBPH, including loss of business income and extra expenses.

**WHEREFORE**, Plaintiff Sugar Bliss Palmer House, LLC asks for judgment in its favor and against Defendant Twin City for the damages that it proves at trial and for such other relief as this Court deems just.

**COUNT III**  
**Sugar Bliss Palmer House, LLC – Dependent Property**

62. Plaintiff, SBPH, repeats and realleges the allegations of paragraphs 1-24 as the allegations of this paragraph 62

63. During the period of coverage afforded under the Policy, SBPH conducted its operations in the State of Illinois.

64. The property that SBPH leased to conduct its operations was specifically identified as an Insured Location under the Policy.

65. On March 20, 2020, the Governor of Illinois entered an executive order in response to the spread of COVID-19, a global pandemic, requiring all individuals in the State of Illinois to stay at home with the exception of engaging in essential activities and ordered all non-essential businesses to cease operations except to the extent that work could be conducted from home or in a limited capacity. The executive order required the state, county, and local departments of public health to implement regulations consistent with his executive order.

66. The orders restricted access to SBPH by its patrons as well as by its employees.

67. As a consequence of the orders entered by Illinois, the Palmer House, the hotel to which SBPH is connected, has been closed for business since Illinois ordered the closure of all non-essential businesses.

68. The Palmer House's closure resulted in the closure of SBPH because SBPH cannot operate its business at the Insured Location without access to the Palmer House.

69. Due to Palmer House's continued closure, access to SBPH is substantially restricted.

70. SBPH relies on the restroom facilities provided inside the Palmer House.

71. Due to Palmer House's continued closure SBPH cannot access the restroom facilities as required by the Illinois Department of Health.

72. The Policy provides coverage for business income SBPH sustains due to a direct physical loss or physical damage at the premises of a dependent property caused by or resulting from a Covered Cause of Loss.

73. Dependent property means “property owned, leased or operated by others whom you depend on to: (a) Deliver materials or services to you or to others for your account.”

74. SBPH depends on the restroom facilities in the Palmer House to maintain compliance with the Illinois Department of Health protocols regarding restrooms in or near a business’ facility.

75. Due to Palmer House’s closure, a property that SBPH does not own, lease, or operate but that SBPH relies on for restroom facilities, SBPH was also forced to cease its operations.

76. SBPH incurred a loss of business income as a result of the Palmer House closure as that closure effected a direct loss of physical property to SBPH.

77. SBPH complied with all applicable provisions of the Policy, including payment of premiums.

78. Twin City denied SBPH’s claim for loss of business income as a result of the closure of the Palmer House, a dependent property.

79. Twin City’s denial breached its obligations to SBPH, arising from the tender to it by or on behalf of SBPH.

80. SBPH sustained damages resulting from Twin City’s breach of its contractual obligations to SBPH, including loss of business income due to the closure of the dependent property.

**WHEREFORE**, Plaintiff Sugar Bliss Palmer House, LLC asks for judgment in its favor and against Defendant Twin City for the damages that it proves at trial and for such other relief as this Court deems just.

**COUNT IV**  
**Bad Faith Pursuant to Section 155 of the Illinois Insurance Code**

81. Plaintiffs repeat and reallege the allegations of paragraphs 1-80 as the allegations of this paragraph 81.

82. Pursuant to 215 ILCS 5/155, in any action by or against an insurance company in which there is a finding that the insurance company acted in a vexatious and unreasonable manner in the settlement of the claim, the Court may award a statutory penalty as well as the reasonable attorney's fees and costs incurred by the insured to prosecute its claim against the insurance company.

83. Twin City failed to investigate the Insureds' claims.

84. Instead, Twin City asserted a blanket denial and denied all claims made by its insureds relating to the orders entered by state and municipal authorities that were designed to address a public health disaster and to prevent the spread of COVID-19, and Twin City failed to undertake an investigation of any of such claims.

85. Twin City's conduct with respect to the Insureds' claims for coverage was and continues to be unreasonable and vexatious by refusing to reimburse Plaintiffs for covered losses under the Policy without proper justification and without a reasonable investigation.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter judgment:

- (a) Finding that Twin City's conduct handling the Claim violates Section 155 of the Illinois Insurance Code;
- (b) Awarding Plaintiffs their reasonable attorneys' fees incurred pursuing coverage from Twin City as part of its taxable costs in this action;
- (c) Awarding each Plaintiff a penalty of \$60,000 (or the maximum amount allowed by Section 155 at the time of judgment) to be assessed against Twin City;

- (d) Awarding Plaintiffs prejudgment interest on damages they incurred from their loss and the attorneys' fees incurred by them to enforce their rights under the Policy; and
- (e) For such other and further relief that this Honorable Court deems appropriate and just.

**JURY TRIAL DEMAND**

Sugar Bliss, LLC and Sugar Bliss Palmer House, LLC demand a trial by jury in the above-captioned action pursuant to Federal Rule of Civil Procedure 38(b).

Respectfully submitted,

Sugar Bliss, LLC and Sugar Bliss Palmer  
House, LLC

By: /s/ David B. Goodman  
One of the Attorneys for Plaintiff

David B. Goodman – ARDC #6201242  
[dg@glgchicago.com](mailto:dg@glgchicago.com)  
Kalli K. Nies – ARDC #6318089  
[kn@glgchicago.com](mailto:kn@glgchicago.com)  
Goodman Law Group | Chicago  
20 North Clark Street – Suite 3300  
Chicago, Illinois 60602  
(312) 626-1888