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IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA  
IN AND FOR THE COUNTY OF LAKE  
UNLIMITED JURISDICTION

JANI INVESTMENTS, LLC., a California  
Limited Liability Company,

Plaintiff,

v.

TRUCK INSURANCE EXCHANGE, a  
foreign insurance exchange and DOES 1  
through 50, inclusive,  
Defendants.

Case No.: CV- 420743

COMPLAINT FOR:

1. BREACH OF CONTRACT;
2. BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING;
3. BAD FAITH DENIAL;
4. DECLARATORY RELIEF;
5. UNJUST ENRICHMENT;
6. UNFAIR COMPETITION UNDER BUS. & PROF. CODE § 17200 ET SEQ.;
7. INJUNCTIVE RELIEF UNDER BUS. & PROF. CODE § 17200 ET SEQ.

JURY TRIAL DEMANDED

1 Plaintiff Jani Investments, LLC, a California Limited Liability Company, brings  
2 this Complaint, alleging against Truck Insurance Exchange, a foreign exchange (that is  
3 part of the Farmers Insurance Group) and DOES 1 THROUGH 50 ("Defendants"), as  
4 follows:

5 INTRODUCTION

6 1. This is an insurance bad faith lawsuit brought by Plaintiff Jani Investments, LLC,  
7 a California Limited Liability Company that owns and operates a thriving Travelodge  
8 hotel located in Clearlake, Lake County, California (hereinafter "Plaintiff" or "Jani")  
9 against Truck Insurance Exchange and possible Does (collectively, "Defendants").  
10 Plaintiff seeks damages stemming from Defendants' bad faith handling and denial of  
11 Plaintiff's claim for business income loss coverage. Jani, in good faith, based on the  
12 language of their policy and for the reason many businesses bought insurance policies  
13 with business income interruption clauses, reasonably expected that Defendants would  
14 provide coverage during these unprecedented times for the catastrophic loss of  
15 business income they have suffered due to the stay-at-home ordinances effected  
16 statewide, including in Lake County. Doing their job as an essential business, Jani's  
17 Travelodge tried to remain open and continue to provide essential lodging and shelter,  
18 putting themselves at risk to do so for the benefit of the community. It is notable that  
19 Plaintiff never filed any claims during their entire time insured by Farmers, a period  
20 which spans almost a decade.

21 2. Defendants not only have failed to provide this coverage, but have engaged in  
22 deceptive and unfair business practices to evade responsibility for doing so. At a  
23 moment in world history when insurance companies should be stepping up,  
24 Defendants appear to be hiding behind procedures and conduct which appear to be  
25 bad faith and motivated only by profit.

26 PARTIES

27 3. At all relevant times, Plaintiff Jani Investments, LLC. has been and is a California  
28 limited liability company, and is authorized to do business and doing business in the

1 State of California, Lake County. Jani owns, operates, manages, and controls the hotel  
2 Travelodge by Wyndham Clearlake located in Clearlake, California.

3 4. Defendant Truck Insurance Exchange is, and at all relevant times, is an insurance  
4 exchange with its headquarters and principal place of business in Los Angeles County,  
5 in the State of California. It is a part of the Farmers Insurance Group.

6 5. Plaintiff does not know the true names and capacities, whether individual,  
7 associate, or otherwise, of Defendants DOES 1 through 50, and therefore designate  
8 those Defendants by such fictitious names. Each of the Defendants sued herein as a  
9 DOE is legally responsible in some manner for the events and happenings referred to  
10 herein and proximately caused the injuries suffered by the Plaintiff. DOES may include  
11 other underwriters, agents, or individuals who participated in decisions or ratified  
12 decisions that lead to or constituted the bad faith denial and misconduct of Truck  
13 Insurance Exchange outlined in this Complaint. Plaintiff will amend this Complaint  
14 accordingly to allege the true names and capacities of these DOE Defendants when/if  
15 the same becomes known to Plaintiff.

#### 16 JURISDICTION AND VENUE

17 6. Jurisdiction is proper pursuant to Cal. Code Civ. Proc. §§ 410.10, 410.50, and 1060.

18 7. Venue is proper in this Court because the acts and/or omissions complained of  
19 took place, in whole or in part, within Lake County. Defendants conduct business  
20 extensively throughout California, marketing their insurance policies and selling their  
21 insurance policies to thousands of insured businesses and consumer businesses in  
22 California.

#### 23 GENERAL ALLEGATIONS

24 8. All allegations in this Complaint are based on information and belief and/or are  
25 likely to have evidentiary support after a reasonable opportunity for further  
26 investigation or discovery.

1 **Jani Investments and Its Decision to Purchase a Farmers Policy**

2 9. Plaintiff's business, Travelodge by Wyndham Clearlake, is a successful hotel and  
3 anchor of the Clearlake, California community. The Travelodge at Clearlake, owned  
4 and operated by Plaintiff, has been a prominent fixture of the community since its  
5 opening in 2006, providing a perfect gateway for the abundant outdoor activities and  
6 attractions of the area. Plaintiff began operating the hotel since 2006 to provide access  
7 and opportunity for those seeking an escape and experience in Lake County's booming  
8 wine scene and access to the largest natural freshwater lake within California, just a  
9 short walk from boating and lake access. To safeguard their business and investment  
10 and living in a state such as California where unexpected business interruptions have  
11 historically occurred, Plaintiff sought business insurance coverage with business  
12 income and interruption coverage from Defendants, and renewed a policy with such  
13 coverage on May 23, 2019.

14 10. Defendants marketed to Plaintiff and other the Hospitality Businessowners  
15 Policy Premier Endorsement as an "innovative package," with specific representations  
16 in the policy and via Defendants' website that they would insure against business  
17 shutdown. Specifically, Defendants describe their business insurance policy for the  
18 hospitality industry as being innovative for its flexibility and unique tailoring to the  
19 needs of its clients, features which Farmers claim makes them one of the top insurers in  
20 the state. Defendants also explicitly described the package with specific representations  
21 that they would protect and insure against business shutdowns and income losses in  
22 cases of emergency that Plaintiff's business might face, representations that are even  
23 included in Jani's policy plan itself.

24 11. At all relevant times, and since around October 2011, Plaintiff has been a Farmers  
25 policyholder, currently insured under Farmers' business policy number 60669-98-70  
26 (the "Policy").

27 12. The Policy is currently in full effect, providing commercial business policy  
28 coverage including coverage for lost business income which occurs during the policy

1 period, which is currently from May 23, 2019, through May 23, 2020. It is therefore  
2 shocking that Farmers has decided not to renew Plaintiff's policy, despite Plaintiff's  
3 exemplary track record of zero claims in its entire time being a policyholder with  
4 Defendants. Plaintiff only filed a claim against the backdrop of a global emergency and  
5 desperate situation caused by a global coronavirus pandemic outbreak affecting the  
6 entire world. Not only have Defendants denied coverage, but Defendants now refuse to  
7 renew Plaintiff's coverage, leaving the already desperate Plaintiff struggling to find  
8 new coverage as the expiration of the current plan approaches.

9 13. Plaintiff faithfully paid policy premiums to Defendants, specifically to provide  
10 additional coverage including but not limited to loss of business income due to Civil  
11 Authority or civil ordinances. The policy expressly states that "in return for the  
12 payment of premium," Defendants would provide Business Income & Extra Expense  
13 Coverage-Civil Authority with both short term and long term coverage provisions.

14 14. Under the Policy, the relevant Civil Authority coverage reads as follows: "We  
15 will pay for the actual loss of Business Income you sustain and necessary Extra Expense  
16 caused by the action of civil authority that *prohibits access* to the described premises due  
17 to direct physical loss of or damage to property, *other than at the described premises*,  
18 caused by or resulting from any Covered Cause of Loss. [emphasis added]" The Policy  
19 also appears to say that no deductibles would apply to this coverage.

20 15. The Policy specifically extends coverage to business income and extra expense  
21 caused by a civil authority limiting access to Plaintiff's hotel.

22 **The COVID-19 Pandemic**

23 16. On or about December of 2019, the so-called pathogen SARS CoV-2 ("COVID-  
24 19") was first identified in humans in Wuhan, China.

25 17. As is now commonly known, in an unprecedented event that has not occurred in  
26 more than a century, a world pandemic of global proportions then ensued. By March  
27 11, 2020, the World Health Organization officially recognized the pandemic. The virus  
28 has already claimed 93,439 lives in the United States, with a reported 1.43 million

1 confirmed cases in the United States as of May 20, 2020 at 9:35 P.M. The ordinances  
2 below were issued with multiple objectives to address a complex national crisis.

3 18. It is well recognized that the virus can be spread through person to person  
4 contacts like other viruses, and some experts believe that it may also be spread by  
5 people touching contaminated surfaces (so-called "fomites") and then their face.

6 19. On March 4, 2020, the Governor of the State of California, Gavin Newsom,  
7 declared a state of emergency for the State of California.

8 20. On March 9, 2020, the Lake County Health Officer, Gary Pace, declared a state of  
9 local health emergency for the whole county, ratified by the Lake County Board of  
10 Supervisors the next day.

11 21. On March 12, 2020, the Governor of the State of California Gavin Newsom  
12 banned gatherings over 250 people.

13 22. On March 14, 2020, the Clearlake City Manager, Alan Flora, declared a state of  
14 emergency related to Covid-19 for the city of Clearlake.

15 23. On March 18, 2020, the Lake County Health Officer, Gary Pace, issued a  
16 countywide stay at home order that would be in effect until at least April 10, 2020.

17 24. By March 19, 2020, the Governor of California issued a statewide stay at home  
18 order ("State of California Order") that would be in effect until further notice and is still  
19 in effect as this pandemic worsens. It was well recognized that the rationale for the  
20 shelter in place ordinances was a concern for reducing person to person contamination  
21 and concern for surface damage or contamination by the virus leading to further  
22 transmission of the deadly virus. Though Governor Newsom has laid out draft plans  
23 for the reopening of the state and business, the anticipation is that businesses like hotels  
24 will be affected for months to come.

25 25. As of the date of the March 18<sup>th</sup> Lake County Ordinance and the March 19<sup>th</sup>  
26 California Order, hotels like Travelodge by Wyndham Clearlake were designated as  
27 Essential Businesses with an implicit recognition of the necessity to continue to provide  
28 lodging and housing to essential travelers, workers, and individuals. As of March 19,

2020, the State of California Order recognized the hotel and lodging industry as critical infrastructure sectors. Jani's Travelodge, despite the challenges of substantial revenue reductions and with a reasonable expectation of business insurance to facilitate their efforts, kept its doors open to provide housing and shelter for parties most affected by this global pandemic. Additionally, and in compliance with county and state orders, Plaintiff would be permitted to provide essential shelter and residence to the community.

26. The State of California and local municipalities partnered in various hotel-related housing projects, seeking to provide safe shelter to communities and individuals who need it most at this time, namely homeless individuals and frontline healthcare workers. These initiatives were led by Governor Newsom, who initiated a program called "Project Roomkey," which included partnerships between states and counties and local municipalities to provide free or subsidized housing and shelter for homeless population in an effort to lower infection rates and protect public health. Despite the overwhelming loss of business Plaintiff faced, they sought ways to serve the Clearlake community. Plaintiff was in extended conversations with local authorities about the possibility that Travelodge Clearlake would be used to house the area's homeless population, conversations that were presented to Defendants on multiple occasions. Through the duration of these talks in April 2020, Plaintiff was specifically told by Defendants that the business coverage would be summarily declined under any such arrangement, but did not receive more specific information in writing. Plaintiff therefore was precluded from participating in Project Roomkey.

27. At the same time, the Lake County Ordinance and State of California Order, in an unprecedented manner, required necessary measures to keep people at home and off the streets and out of areas of public gatherings, and thereby crippled the major source of revenue for these same Essential Businesses. As a direct and proximate result of these Orders, access to businesses like Jani's Travelodge, including Essential Businesses, were specifically prohibited except for very limited purposes. For the hospitality

1 industry, this was limited to providing shelter for disadvantaged and vulnerable  
2 communities, while meanwhile entire segments and constituencies of the business were  
3 shut down completely by this global emergency.

4 28. The Hotel and Hospitality Industry are suffering immense losses in the face of  
5 this global emergency in California and beyond, and Plaintiff's hotel is no exception.  
6 Hotels are facing historically low occupancy rates, projected as one of the worst years  
7 on record. The industry is also facing millions of employees now laid off or furloughed,  
8 and billions in losses; California has the most hotel jobs and hotel-supported jobs in the  
9 nation, and is also facing the largest losses. A lack of public gathering and foot traffic,  
10 shutdown of tourism and leisurely, non-essential travel, and lack of access to key

11 amenities and attractions have all combined to create adverse conditions for the  
12 industry. In Plaintiff's case, the month of April 2020 was one of the worst performing  
13 months since Plaintiff began operating the hotel, with 7% occupancy and total revenue  
14 around \$5,000. While Plaintiff still to this day continues to receive reservation inquiries,  
15 Plaintiff has to reject most of those due to the fact the guests are non-essential travelers.

16 29. Plaintiff's establishment specifically relies heavily on key amenities and  
17 attractions in Clearlake, which have made the establishment such a desirable and  
18 successful destination. The business has been extremely affected by lack of access to key  
19 attractions, like water access, boating, fishing on Clear Lake, area wineries and casinos,  
20 as well as access to other day-to-day features of the area.

21 **Rapid Denial of Jani Investments' Claims In Apparent Bad Faith**

22 30. In good faith, Jani's owners promptly notified Defendants, on March 31, 2020, of  
23 their concerns and the risk for loss and whether there was coverage for the losses under  
24 the Policy. Plaintiff never had any claims filed with Defendants during the entire time  
25 Plaintiff was insured by Defendants. Defendants' representative did not initially  
26 respond.

27 31. After the Lake County Ordinance and the State of California Order were in  
28 effect, Jani's owners personally emailed and called Defendants' representative who



1 indicated already, without any analysis, that he had been informed the claim under the  
2 Policy would likely be denied. On March 31, 2020, the owners of Jani both emailed and  
3 had a telephone conversation with the representative. On information and belief, it is  
4 believed that Defendants, along with other members of the insurance industry, were  
5 prior to this time strategizing how to deny claims and mitigate their losses as early as  
6 one to two months before the issuance of the Lake County Ordinance and State of  
7 California Order. On information and belief and based on actual communications by  
8 Plaintiff with Defendants, Defendants' representatives seem to already know how  
9 Defendants' highest levels of management would respond to the claims, but  
10 encouraged Plaintiff to submit the claim anyway, stating to Plaintiff that it would  
11 supposedly help Plaintiff get government bailout money.

12 32. After initial hesitation due to conversations with Defendants' representative, Jani  
13 decided to file the business interruption claims. Despite being told that Farmers was  
14 going to deny the claim on their Policy, Plaintiff was desperate and hopeful that their  
15 claim was not pre-denied, and submitted the claim on April 6, 2020. Oddly, they were  
16 told they did not need to submit any information to do so (e.g., revenue loss, specific  
17 dates of loss, etc.) and that their agent would submit a claim regardless. During this  
18 time, Defendants did not make relevant Policy information readily available, and  
19 Plaintiff, despite asking for a full copy of their Policy, could not obtain one. Indeed,  
20 despite touting its online platform and marketing the online platform as part of its  
21 insurance product, Plaintiff could not get a copy of their policy, access to critical  
22 information about their claim, or the status of the claim, despite asking repeatedly over  
23 a 10-day period.

24 33. Thereafter, through the following events, their claim was rejected:

- 25 a. On the very same day the claim was filed (April 6, 2020), without any  
26 evidence of good faith analysis by Defendants, Jani's owners were called  
27 by a claim adjuster for Defendants. Jani's owners reminded him that they  
28 could not access the documents or Policy online. Defendants'

1 representative stated that he regretted to inform Plaintiff that their claim  
2 would be denied, and stated that this was primarily due to a virus  
3 exclusion. Shockingly, he stated that he too could not access the very  
4 policy, and that this request would have to be sent to an insurance agent.  
5 Plaintiff also requested a claim denial in writing at this time.

6 b. Shortly later that same day, at 4:30 PM, Jani received an email from an  
7 automated Farmers Insurance email account thanking them for expressing  
8 interest in claims documents, and directing Jani to their claims  
9 representative for any questions.

10 c. On April 10, 2020, just three days after submitting their claim, Jani was  
11 informed by email that their claim under the Policy was denied. The  
12 correspondence was extremely confusing, appeared to be written in a  
13 formulaic, cut-and-paste fashion, and denied the claim based on an  
14 ultimately inapplicable exclusion in the Policy which Defendants claimed  
15 would eliminate the operation of the Civil Authority coverage expressly  
16 provided for in their Policy. By this date, despite repeated requests,  
17 Plaintiff had still not received a copy of the Policy.

18 d. On April 12, 2020, Plaintiff had still not received a complete copy of the  
19 Policy, despite first requesting it on April 3, 2020, and having their claim  
20 denied. Only after repeated requests and pleas for the Policy did Plaintiff  
21 finally receive the Policy on April 13, 2020, a week after their business  
22 interruption claims were initially denied.

23 34. On information and belief and based on actual communications, Defendants'  
24 conduct above was ratified, ordered, and encouraged by officers of Defendants in order  
25 to employ a strategy to rapidly deny, deflect, and minimize COVID-19 related claims  
26 and losses for Defendants.

27 35. As a final slap to Jani, despite Jani having done nothing but submit its claim in  
28 good faith, Farmers has refused to renew Jani's policy, set to expire on May 23, 2020.

1 **FIRST CAUSE OF ACTION**

2 **(Breach of Contract by Plaintiff against all Defendants)**

3 36. Plaintiff re-alleges and incorporates by reference the allegations contained in the  
4 preceding paragraphs of this Complaint, as though fully set forth herein.

5 37. Plaintiff was insured under a valid insurance policy, the aforementioned and  
6 described Policy, issued by Defendants which was in effect on the date the loss  
7 occurred.

8 38. Plaintiff paid consideration in the form of premiums for Policy, and have  
9 faithfully performed all obligations required to be performed by them under the terms  
10 of the Policy.

11 39. Defendants breached the terms of the contract by not providing requisite  
12 documentations required for submitting claims, by prematurely and without basis or  
13 reasonable good faith analysis denying the claim, and by ultimately failing to pay  
14 and/or underpaying monies due under the contract and by forcing Plaintiff to file this  
15 action.

16 40. Plaintiff has demanded that Defendants pay, and Defendants have declined to  
17 pay, Plaintiff's claims for damages and losses of business income and additional  
18 expenses due to Civil Authority, specifically the issuance of the Lake County Ordinance  
19 and State of California Order which limited public access to Jani's business.

20 41. As a direct, proximate, and legal result of Defendants' breach of contract,  
21 Plaintiff has been, and continues to be, damaged in an amount in excess of the  
22 jurisdictional limits of this Court, including but not limited to: damage suffered to their  
23 business caused by the loss of business income and additional expenses created by the  
24 Lake County Ordinance and State of California Order, the loss of benefits due under the  
25 contract, and consequential damages including interest on the monies Plaintiff could  
26 and should have received promptly, but which they did not receive in a timely manner  
27 as a result of Defendants' breach of the contract, as well as other fees, expenses, and  
28 costs to be proven at trial.

1 42. Plaintiff has also sustained other economic losses as a direct, proximate, and  
2 legal result of Defendants' conduct, in an amount to be proven at trial.

3 **SECOND CAUSE OF ACTION**

4 **(Breach of the Implied Covenant of Good Faith and Fair Dealing by Plaintiff against**  
5 **all Defendants)**

6 43. Plaintiff re-alleges and incorporates herein by reference the allegations contained  
7 in the preceding paragraphs of this Complaint, as though fully set forth herein.

8 44. Plaintiff's insurance policy at issue in this action, the aforementioned Policy,  
9 contains an implied covenant of good faith and fair dealing, whereby Defendants, and  
10 each of them, agreed to perform their obligations under the Policy in good faith, to deal  
11 fairly with Plaintiff, and not to unreasonably deprive Plaintiff of the benefits due under  
12 the insurance policy.

13 45. Defendants tortiously breached the implied covenant of good faith and fair  
14 dealing arising from the insurance contract by unreasonably denying or withholding  
15 benefits due under the Policy, by failing to conduct fair and objective claims  
16 investigation, by failing to treat Plaintiff fairly and by other conduct, including but not  
17 limited to that expressly set forth in this Complaint, after accepting insurance  
18 premiums from Plaintiff. On information and belief, it appears that Defendants were,  
19 and are, executing a directive to deny COVID-19 claims systematically.

20 46. Despite Plaintiff's request for coverage and demand for payment of the  
21 compensation for the business disruption caused by the Lake County Ordinance and  
22 State of California Order, Defendants denied coverage and blocked access to  
23 information and engaged in a continuous pattern of tortious conduct which has and  
24 will cause Plaintiff continued damages. Indeed, Plaintiff is an essential business and  
25 part of the critical infrastructure identified by both the Lake County Ordinance and  
26 State of California Order. They tried to stay open as such to meet the critical needs of  
27 residents who need food and shelter during uncertain times, but shoulder each and  
28 everyday losses due to a lack of appropriate insurance coverage.

1 47. Defendants engaged and continue to engage in the course of conduct to further  
2 their own economic interest, including and in violation of their obligations to Plaintiff.  
3 This conduct includes, but is not limited to that conduct alleged in this Complaint and  
4 the following:

- 5 a. Unreasonably and unjustifiably preventing access to the Policy;  
6 b. Failing to perform competent and/or complete investigation of the request for  
7 coverage;  
8 c. Misrepresenting the content of the Policy to Plaintiff; and  
9 d. Deliberately, unjustifiably, and unreasonably denying coverage and hiding  
10 essential information in an effort to discourage Plaintiff from pursuing their full policy  
11 and benefits in the hope that they would instead pursue a government bailout;  
12 e. Refusing to pay any or adequate insurance benefits which a reasonable person  
13 would have believed Plaintiff was entitled to receive;  
14 f. Failing to provide promptly a reasonable explanation of the basis relied on in the  
15 insurance policy, in relation to the facts or applicable law, for the denial of Plaintiff's  
16 claims, and instead providing a boilerplate, inapplicable explanation; and  
17 g. Plaintiff is informed, believes and thereon alleges, that Defendants have  
18 breached their duties of good faith and fair dealing owed to Plaintiff by other acts or  
19 omissions of which Plaintiff is presently unaware and which will be shown according  
20 to proof at the time of trial.

21 48. Without any reasonable basis for doing so, and with full knowledge and/or  
22 conscious disregard of the consequences, Defendants have failed and refused to act in  
23 good faith or act fairly toward Plaintiff. Furthermore, Defendants have in bad faith  
24 failed and refused to perform their obligations under the insurance policy and the laws  
25 of the State of California.

26 49. Defendants engaged in conduct that was malicious, fraudulent, and oppressive.  
27 Indeed, Defendants engaged in a scheme designed to quickly deny Plaintiff's claim and  
28 deflect them to a government bailout. Farmers unreasonably denied Plaintiff's claim

1 without investigating the actual cause of the loss and business interruption—i.e., the  
2 Civil Authority orders themselves and their multiple expressly stated policy objectives  
3 including preventing overrun of the health system and the City, County and State  
4 concern for surface contamination and damage and person to person transmission.

5 50. As a direct, proximate, and legal result of said breaches of the covenants of good  
6 faith and fair dealing by Farmers, Plaintiff has been damaged and continues to incur  
7 each and every day, substantial and foreseeable consequential and incidental damages,  
8 including loss of income and net profits, continued payroll costs for employees, costs  
9 relating to adapting their existing operations to comply with the Lake County  
10 Ordinance and State of California Order, and other costs in an amount according to  
11 proof. Plaintiff was and will be forced to expend attorneys' fees and costs in pursuing  
12 relief to which they are entitled as a matter of law. Pursuant to *Brandt v. Superior Court*  
13 (1985) 37 Cal.3d 813, Plaintiff is entitled to attorneys' fees and costs reasonably incurred  
14 to compel the payment of benefits due under the insurance policies.

15 51. As a further direct, proximate and legal result of the wrongful conduct of  
16 Defendants, and each of them, Plaintiff has also sustained other economic damages, as  
17 set forth above, and other damages in an amount to be proven at trial.

18 52. Based on all of the facts alleged herein, Defendants' conduct and actions were  
19 despicable, done maliciously, oppressively, and fraudulently, with the intent to deprive  
20 Plaintiff of insurance benefits and to cause injury to Plaintiff. Defendants' conduct and  
21 actions were further done with a willful and conscious disregard of Plaintiff's rights,  
22 thereby subjecting Plaintiff to unjust hardship and distress amid a global pandemic  
23 where Plaintiff is serving an essential and critical function. Defendants, its officers,  
24 directors, and managing agents were personally involved in the decision-making  
25 process with respect to the misconduct alleged herein and to be proven at trial, as  
26 suggested already, even prior to discovery, by verbal and written communications  
27 showing the appearance of a pre-planned, rapid denial of COVID-19 claims.  
28

53. Plaintiff alleges on information and belief that Defendants, through their representatives, officers, directors, and managing agents, authorized and ratified each and every act on which Plaintiff's allegations of punitive damages herein are based upon. On that basis, pursuant to California Civil Code § 3294, Plaintiff is entitled to an award of exemplary and punitive damages in an amount adequate to make an example of, and to punish and deter Defendants and each of them.

### **THIRD CAUSE OF ACTION**

#### **(Declaratory Relief by Plaintiff against all Defendants)**

54. Plaintiff re-alleges and incorporates herein by reference the allegations contained in the preceding paragraphs of this Complaint, as though fully set forth herein. Under California Code of Civil Procedure § 1060 et seq., the Court may declare rights, status, and other legal relations whether or not further relief is or could be claimed. It is also likely that the COVID-19 pandemic may trigger subsequent claims by Plaintiff under this Policy if the pandemic occurs in cycles, as has been predicted by some health experts.

55. An actual controversy has arisen between Plaintiff and Defendants as to the rights, duties, responsibilities, and obligations of the parties in that Plaintiff contends that and Defendants deny that : (1) the civic orders issued by the Government of State of California and the County of Lake constitute a prohibition of access to Plaintiff's hotel or so-called "described premises" under the Policy; (2) the prohibition of access to the described premises by the various orders triggers the Civil Authority business income loss and additional expenses portion of the Policy; (3) said civic orders trigger coverage without applicable exclusion because the civil authorities in question were concerned for ongoing damage including possible fomite contamination occurring outside of Jani's Travelodge establishment; and (4) the Policy provides coverage to Plaintiff for such orders.

56. Resolution of the duties, responsibilities, and obligations of the parties is necessary as no full adequate remedy at law exists given the potential ongoing and

1 cyclical nature of the pandemic and the damage that can occur with these orders, and a  
2 declaration of the Court is needed to resolve the dispute and controversy.

3 **FOURTH CAUSE OF ACTION**

4 **(Violation of California Bus. & Prof. Code § 17200 Et Seq. against all Defendants)**

5 57. Plaintiff re-alleges and incorporates herein by reference the allegations contained  
6 in the preceding paragraphs of this Complaint, as though fully set forth herein.

7 58. Section 17200 of the California Business & Professions Code ("Unfair  
8 Competition Law" or "UCL") prohibits any "unlawful," "unfair," and "fraudulent"  
9 business practice.

10 59. Section 17200 specifically prohibits any "*unlawful* . . . business act or practice."  
11 Defendants have violated the UCL's prohibition against engaging in unlawful act or  
12 practice by, *inter alia*, denying in bad faith Plaintiff's claim for coverage and such action  
13 violates California state laws.

14 60. By improperly denying Plaintiff's claim, Defendants violated California's Unfair  
15 Insurance Practice Acts (UIPA), codified as California Insurance Code Section 790.03(h),  
16 including but not limited to the following unfair claim practices:

17 a. Misrepresenting to Plaintiff pertinent facts or insurance policy provisions  
18 relating to any coverages at issue;

19 b. Issuing a boilerplate letter in record time and appearing to have pre-ordained a  
20 denial of claims; and

21 c. Failing to adopt and implement reasonable standards for the prompt  
22 investigation and processing of claims arising under insurance policies, not spending  
23 time to carefully read the language of their own Policy and failing to identify and  
24 analyze what actually triggered the Civil Authority ordinances or orders in question.

25 61. Section 17200 also prohibits any "*unfair* . . . business act or practice." As  
26 described in the preceding paragraphs, Defendants engaged in the unfair business  
27 practice of denying business disruption insurance claims even though Defendants'  
28 policy language covers such losses.



1 62. Defendants' business practices, as detailed above, are unethical, oppressive, and  
2 unscrupulous. They violate fundamental policies of this State including the very  
3 policies underlying the Lake County Ordinance and State of California Order which  
4 aim to keep Essential Businesses open in a limited, essential capacity to provide  
5 essential services and products while reducing the travel, traffic and flow of people  
6 outside and around such essential businesses. Further, any justifications for  
7 Defendants' wrongful conduct are outweighed by the adverse effects of such conduct,  
8 which in this case, is a catastrophic loss of an essential business during a global crisis  
9 that has caused the issuance of multiple civil ordinances. Thus, Defendants are engaged  
10 in unfair business practices prohibited by California Business & Professions Code  
11 §17200 et seq.

12 63. Section 17200 also prohibits any "*fraudulent business act or practice.*"  
13 Defendants violated this prong of the UCL by disseminating and/or agreeing to  
14 disseminate, through Defendants' website and other promotional channels, misleading  
15 and partial statements about available business disruption coverages that have a  
16 tendency to mislead the public, and also at the time they marketed their policies,  
17 misleading consumers to believe they would be insured for this kind of business  
18 interruption. Further, Defendants violated this prong of the UCL by omitting material  
19 information about business disruption coverages with the intent to induce reliance by  
20 consumers to not pursue such claims even though Defendants have an obligation to  
21 compensate them under their Policy. Defendants' claims, nondisclosures, and  
22 misleading statements concerning business disruption coverage and/or lack thereof, as  
23 more fully set forth above, were false, misleading, and/or likely to deceive the  
24 consuming public within the meaning of California Business and Professions Code  
25 §17200. They were and are intended to dissuade businesses from seeking coverage.

26 64. Section 17200 also prohibits any "unfair, deceptive, untrue, or misleading  
27 advertising." For the reasons set forth above, including specifically as set forth in  
28

1 Paragraph 60, Defendants engaged in unfair, deceptive, untrue, and misleading  
2 advertising in violation of California Business & Professions Code § 17200.

3 65. Defendants' conduct caused and continues to cause substantial injury to  
4 Plaintiff. Plaintiff has suffered an injury in fact and lost money as a result of  
5 Defendants' unfair conduct.

6 66. Additionally, pursuant to California Business and Professions Code § 17203,  
7 Plaintiff seeks an order requiring Defendants to immediately cease such acts of  
8 unlawful, unfair, and fraudulent business practices and requiring Defendants to pay  
9 the monies owed to Plaintiff.

10 **FIFTH CAUSE OF ACTION**

11 **(Bad Faith Denial of Insurance Claim)**

12 67. Plaintiff re-alleges and incorporates by reference into this cause of action all  
13 allegations set forth in this Complaint as though fully set forth herein.

14 68. Defendants have in bad faith failed or refused to perform their obligations under  
15 the Policy and under the laws of California because Defendants have put their own  
16 interests above those of Plaintiff.

17 69. Defendants denied Plaintiff's claim in bad faith, when, among other things,  
18 when Defendants (a) failed or refused to perform a fair, objective, and thorough  
19 investigation of the claim as required by California Insurance Code; (b) raised coverage  
20 defenses that were factually and/or legally invalid, (c) improperly denied coverage by  
21 creating unduly restrictive claim interpretations on the terms of the Policy, ultimately  
22 forcing Plaintiff to engage in litigation to recover the amounts due under the Policy.

23 70. On information and belief, Plaintiff alleges that there are numerous other  
24 individuals, business entities, and other groups insured by Defendants who were or are  
25 similarly situated by Plaintiff in that they were denied coverage using similar unlawful  
26 tactics used to deny Plaintiff's claim coverage. At such time as Plaintiff learn the names  
27 of such parties, Plaintiff may seek leave of court to join such persons as additional  
28 plaintiffs in this action.

1 71. Based on the foregoing allegations, Plaintiff alleges Defendants have committed  
2 institutional bad faith and that what Plaintiff experienced is not an isolated incident but  
3 rather a systematic and organized unfair practices perpetrated against Defendants'  
4 clients. The pattern of unfair practices constitutes intentional wrongful conduct that is  
5 institutionalized in Defendants' established company policy.

6 72. As a proximate result of Defendants' bad faith conduct above, Plaintiff has  
7 suffered and will continue to suffer damages. These damages include interest on the  
8 withheld and unreasonably delayed payments due under the policy and other special  
9 economic and consequential damages, in an amount to be proven at trial.

10 73. Plaintiff was forced to retain legal counsel to obtain benefits due under its policy  
11 as a result of Defendant's bad faith conduct. As such, Plaintiff is entitled to recover  
12 from Defendants attorney fees and other reasonable costs of litigation incurred by  
13 Plaintiff in order to obtain the benefits of the policy.

14 74. On the basis of all of the facts alleged herein, Defendants' conduct and actions  
15 were despicable, done maliciously, oppressively, and fraudulently, with the intent to  
16 deprive Plaintiff of insurance benefits and to cause injury to Plaintiff. Defendants'  
17 conduct and actions were further done with a willful and conscious disregard of  
18 Plaintiff's rights, thereby subjecting Plaintiff to unjust hardship and distress in the  
19 midst of a global pandemic where Plaintiff is serving an essential and critical function.  
20 Defendants, its officers, directors, and managing agents were personally involved in the  
21 decision-making process with respect to the misconduct alleged herein and to be  
22 proven at trial, as suggested already, even prior to discovery, by verbal and written  
23 communications showing the appearance of a pre-planned, rapid blanket denial of  
24 COVID-19 claims.

25 75. Plaintiff alleges on information and belief that Defendants, through their  
26 representatives, officers, directors, and managing agents, authorized and ratified each  
27 and every act on which Plaintiff's allegations of punitive damages herein are based  
28 upon. On that basis, pursuant to California Civil Code § 3294, Plaintiff is entitled to an

1 award of exemplary and punitive damages in an amount adequate to make an example  
2 of, and to punish and deter Defendants and each of them.

3 **SIXTH CAUSE OF ACTION**

4 **(Unjust Enrichment)**

5 76. Plaintiff re-alleges and incorporates herein by reference the allegations contained  
6 in the preceding paragraphs of this Complaint, as though fully set forth herein.

7 77. As set forth above, Plaintiff may lose the financial benefit of the amounts that  
8 Plaintiff has paid for those portions of the policy that were illegal, unfair, or deceptive  
9 because of Defendants' unlawful conduct.

10 78. Defendants were unjustly enriched at the expense of and to the detriment of  
11 Plaintiff because of their wrongful acts and omissions.

12 79. Specifically, Defendants were unjustly enriched when Defendants offered  
13 insurance coverages through their policy which purport and appear to provide  
14 coverages for loss of business income due to Civil Authority or civil ordinance, but  
15 instead Defendants refused to fulfill their financial obligation to Plaintiff and denied  
16 coverage in a rapid fashion without any evidence of properly conducting review or  
17 investigation to the claims, suggesting that Defendants have no intention to pay the  
18 insurance coverage owed to Plaintiff.

19 80. As a direct and proximate result of Defendant's conduct, Plaintiff has suffered  
20 damages and is entitled to restitution in an amount to be proven at trial. Plaintiff seeks  
21 restitution from Defendant and seeks an order from the Court to disgorge all monies  
22 paid to Defendants as a result of the unlawful, illegal, and/or fraudulent business  
23 practices.

24 81. Plaintiff has no adequate remedy at law.

25 **SEVENTH CAUSE OF ACTION**

26 **(Injunctive Relief Under Bus. & Prof. Code § 17200 Et Seq. against all Defendants)**

27 82. Plaintiff re-alleges and incorporates herein by reference the allegations contained  
28 in the preceding paragraphs of this Complaint, as though fully set forth herein.

83. Upon information and belief, Plaintiff alleges that unless enjoined by the order of the Court, Defendants will continue their unlawful practices of denying coverages to policyholders with legitimate claims just like Plaintiff who are literally trying to survive by the day due to the COVID-19 global pandemic emergency. No adequate remedy exists at law for the injuries alleged herein, and Plaintiff will suffer great and irreparable injury if Defendant's conduct is not immediately enjoined and restrained.

84. Defendants wrongfully denied Plaintiff's insurance claim without any conducting a proper claim review and investigation, and likely doing so to avoid their financial obligations to Plaintiff and their policyholders. Given the uncertainty of when the pandemic emergency can truly end and the likely continued effect of the closure orders, it is foreseeable for Plaintiff to have similar and additional insurance claims in the future, and Defendants could use similar tactics to deny coverage to Plaintiff similar to the situation led to this instant action. If Defendants' conduct is not restrained or enjoined, Plaintiff will suffer further great and irreparable harm, as it has already paid the premium due for the insurance policy, and Defendants seem committed to continuing their unlawful practices of erroneously denying claims and will likely continue to do so without an injunction from the Court.

85. Plaintiff has no adequate remedy at law for the threatened injury.

#### **PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff prays for judgment against Defendants as follows:

1. For general, compensatory damages, plus prejudgment interest and other damages according to proof;
2. For special and consequential damages;
3. For punitive and exemplary damages according to proof and as applicable under the law;
4. For restitutionary disgorgement of all profits Defendants obtained as a result of unlawful, unfair, and/or fraudulent business practices;

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5. For an appropriate injunction;
6. For attorneys' fees and costs of suit herein;
7. For pre-judgment interest as provided for by applicable law; and
8. For such further relief as the Court may deem just and proper.

Respectfully submitted,

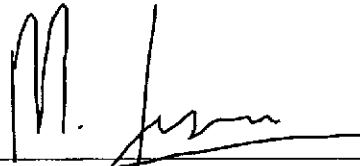
DATED: May 22, 2020

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