

BUSINESS INSURANCE.

COVID-19 insurance appeal headed straight to UK Supreme Court

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(Reuters) – London’s High Court on Friday approved a fast-track appeal of an unprecedented test case against some of the world’s biggest insurers, brought by Britain’s markets regulator, allowing it to leapfrog straight into the Supreme Court.

The decision was expected but nevertheless spells further delays for thousands of struggling businesses battered by the coronavirus pandemic, who had hoped a judgment delivered two weeks ago would lead to prompt payment of disputed claims.



At a webcast hearing on Friday to hammer out how judges should word court orders to reflect and distill last month's complex, 160-page judgment, judges approved the necessary certificate to allow the highest court to consider the case.

The Financial Conduct Authority brought a case against eight insurers in June to clarify whether 21 policy wordings, affecting potentially 700 types of policies, 60 insurers, 370,000 policyholders and billions in insurance claims, covered disruption and government-ordered closures to curb the virus.

Judges examined policy wordings that cover business interruption when insured premises cannot be accessed because of public authority restrictions, in the event of a notifiable disease within a specified radius – and hybrid wordings.

The FCA said the judgment ruled mainly in the favor of policyholders, although some insurers were more circumspect, and subsequent negotiations over which policies should now pay out collapsed on Wednesday.

The FCA brought the case against QBE, Hiscox, RSA, MS Amlin, Ecclesiastical, Argenta, Zurich and Arch.

Zurich and Ecclesiastical, which previously said the court found in their favor, are not seeking a further appeal. QIC Europe, part of Qatar Insurance Company, failed in an 11th-hour bid to join the proceedings.

Sonia Campbell, a partner at law firm Mishcon de Reya who is leading one of two action groups of policyholders, said the decision by insurers to appeal was another “nail in the coffin for small businesses.”

Small businesses – from cafes and wedding planners to events businesses – have said they faced ruin after attempts to claim compensation for business losses during the pandemic, which prompted a three-month national lockdown in March followed by other restrictive measures, were rejected by insurers.

Kim Roe, managing director of Circa Group, an events group based in Tunbridge Wells in southeastern England that once ran events for London blue-chip companies, said the firm was tearing through reserves since being shuttered in March.

Ms. Roe, a 20-year Hiscox customer, said events businesses were “the forgotten people,” because they had been unable to trade even in a limited capacity.

“If I knew I was going to get some form of settlement, I could sleep at night,” she said.

Businesses across the world have been locked in disputes with insurance companies over pandemic-related payouts. Insurers say they are paying valid claims but that many policies exclude pandemics, require physical damage to premises or do not apply to widespread lockdowns and paying out all claims could be catastrophic for the industry.

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

