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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

JUAN'S HAIR SALON, on Behalf of
Itself and All Others Similarly Situated,

Plaintiff,

vs.

CERTAIN UNDERWRITERS AT
LLOYD'S, LONDON, and
UNDERWRITERS AT LLOYD'S
LONDON KNOWN AS SYNDICATES
AML, VSM, AUW, and AES; and
BLAIR AND COMPANY,

Defendants.

Case No.:

CLASS ACTION

COMPLAINT FOR DECLARATORY
JUDGMENT, BREACH OF
CONTRACT, AND UNFAIR
BUSINESS PRACTICES

DEMAND FOR JURY TRIAL

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1 Plaintiff Juan's Hair Salon ("Juan's" or "Plaintiff"), on behalf of itself and all
2 others similarly situated, brings this class action against Defendant Certain
3 Underwriters at Lloyd's, London and Underwriters at Lloyd's, London known as
4 syndicates AML, VSM, AUW, and AES, and Blair and Company (collectively,
5 "Defendants" or "Lloyd's"), and allege as follows based on personal knowledge as to
6 itself and upon information and belief as to other matters based on its counsel's
7 investigation. Plaintiff believes additional evidentiary support exists for the
8 allegations, given an opportunity for discovery.

9 I. NATURE OF THE ACTION

10 1. Plaintiff and other businesses nationwide purchased commercial
11 property insurance to protect their businesses if they had to temporarily shut down.
12 They reasonably believed their policies would help protect their businesses in the
13 unlikely event the government ever ordered them to stop or severely restrict
14 operations (in connection with a pandemic or any other Covered Cause of Loss).
15 However, after collecting billions of dollars in premiums, Defendants and other
16 insurers are now categorically refusing to pay these legitimate claims for business
17 interruption coverage claims.

18 2. California and the vast majority of states across the country have entered
19 civil authority orders requiring residents to "stay-at-home" or "shelter-in-place" and
20 suspending or severely limiting business operations of non-essential businesses that
21 interact with the public and/or provide social gathering places (collectively, the
22 "COVID-19 Civil Authority Orders").

23 3. These broad COVID-19 Civil Authority Orders have been financially
24 devastating for most non-essential businesses, especially salons, restaurants, retail
25 stores, entertainment venues, and other small, medium, and large businesses who have
26 been forced to close, furlough employees, and submit to a sudden shutdown of
27 operations and cash flow that threatens their survival.

1 4. Many businesses purchased insurance to protect against losses from
2 catastrophic events like the current unforeseen COVID-19 pandemic through all-risk
3 commercial property insurance policies. These policies promise to indemnify the
4 policyholder for actual business losses incurred when business operations are
5 involuntarily suspended, interrupted, curtailed, or when access to the premises is
6 prohibited because of direct physical loss or damage to the property, or by a civil
7 authority order that restricts or prohibits access to the property. This coverage,
8 commonly known as “business interruption coverage,” is standard in most all-risk
9 commercial property insurance policies.

10 5. Despite the provision of business interruption coverage in these policies,
11 Lloyd’s is denying its obligation to pay for business income losses and other covered
12 expenses incurred by policyholders for the physical loss and damage to the insureds’
13 property arising from the COVID-19 Civil Authority Orders.

14 6. Plaintiff brings this action on behalf of a Nationwide Class and a
15 California Sub-Class (defined below in ¶¶55 and 56) of policyholders who purchased
16 standard Lloyd’s commercial property insurance policies which provide for business
17 income loss coverage and do not exclude coverage for pandemics, and who have
18 suffered losses due to measures put into place by a COVID-19 Civil Authority Order.

19 7. This action seeks a declaratory judgment that Lloyd’s is contractually
20 obligated to pay business interruption losses incurred due to Plaintiff’s and other Class
21 members’ compliance with COVID-19 Civil Authority Orders. In addition, Plaintiff
22 seeks damages, attorneys’ fees and costs, and any other relief that this Court deems
23 equitable and just, arising out of Lloyd’s’ breach of contract and wrongful conduct.

24 8. Specifically, Plaintiff, individually and on behalf of the Nationwide
25 Class and California Sub-Class brings claims for: (1) declaratory judgment regarding
26 business income coverage; (2) breach of contract regarding business income
27
28

1 coverage; and (3) unfair business practices under Business & Professions Code
2 §17200, *et seq.*

3 **II. THE PARTIES**

4 **A. Plaintiff**

5 9. Plaintiff Juan’s Hair Salon’s principal place of business is 500
6 Broadway, Suite A, El Cajon, California 92021 in the County of San Diego. Juan’s
7 has been in business for 24 years and is owned by Juan Silva. Juan’s was forced to
8 close entirely on March 19, 2020 due to the applicable COVID-19 Civil Authority
9 Orders.

10 **B. Defendants**

11 10. Defendant Certain Underwriters at Lloyd’s, London and Underwriters at
12 Lloyd’s, London known as syndicates AML, VSM, AUW, and AES (“Lloyd’s”) is a
13 London, United Kingdom corporation with its principal place of business at One Lime
14 Street, London, ECM 7HA, United Kingdom. It owns subsidiaries, directly and
15 indirectly, that issue, among other things, property insurance.

16 11. Defendant Blair and Company (“Blair”) is a California corporation with
17 its principal place of business at 28025 Smyth Drive, Valencia, California 91354. It
18 owns subsidiaries, directly and indirectly, that issue, among other things, property
19 insurance.

20 12. Defendants issued Policy No. UI/19-0264 to Juan’s for the policy period
21 of July 25, 2019 through July 25, 2020 and July 25, 2020 through July 25, 2021
22 (“Lloyd’s Policy”). Plaintiff’s Policy, as well as the Policies of other Class members,
23 are standard forms that are used by Lloyd’s for all insureds having applicable
24 coverage and provide identical or substantially similar coverage for all Class
25 members.

26 13. Defendant Lloyd’s is composed of syndicates of individual underwriters
27 that share respective and several liability under the Policy.
28

1 **III. JURISDICTION AND VENUE**

2 14. This Court has original jurisdiction over this action under 28 U.S.C.
3 §1332(a) as well as the Class Action Fairness Act of 2005, 28 U.S.C. §1332(d)(2), as
4 to the named Plaintiff and every member of the Nationwide Class and California Sub-
5 Class, because both of the proposed Classes contain more than 100 members, the
6 aggregate amount in controversy exceeds \$5 million, and Class members reside in
7 California and are therefore diverse from Defendants. The Court has supplemental
8 jurisdiction over Plaintiff's state law claims pursuant to 28 U.S.C. §1367(a).

9 15. This Court has personal jurisdiction over Plaintiff because Plaintiff
10 submits to the Court's jurisdiction for the purpose of this Complaint. This Court has
11 personal jurisdiction over Defendants because they do a substantial amount of
12 business in California, including in this District, are authorized to conduct business in
13 California, including in this District, and/or have intentionally availed themselves of
14 the laws and markets of this District through the use, promotion, sale, marketing,
15 and/or distribution of their products and services at issue in this Complaint.
16 Defendants' liability to Plaintiff, the Nationwide Class, and California Sub-Class
17 arises from and relates to Defendants' conduct within the state of California. As set
18 forth herein, Defendants acted within California to sell various business insurance
19 policies within the state of California. Thus, Defendants have purposefully availed
20 themselves of the benefits and protections of the state of California in conducting their
21 unlawful enterprise, which purposeful availment constitutes sufficient minimum
22 contacts with the state of California that the exercise of personal jurisdiction over
23 Defendants with regard to the claims of Plaintiff, the Nationwide Class, and California
24 Sub-Class, and does not violate Due Process.

25 16. Venue is proper in this District pursuant to 28 U.S.C. §1391(b), because
26 a substantial part of the events or omissions giving rise to the claims occurred in this
27 District. Venue is also proper under 18 U.S.C. §1965(a), because Defendants transact
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1 a substantial amount of their business in this District. Alternatively, venue is proper
2 under 28 U.S.C. §1391(b)(3) because this Court has personal jurisdiction over
3 Defendants.

4 **IV. FACTUAL BACKGROUND**

5 **A. The COVID-19 Pandemic**

6 17. COVID-19 is an infectious disease caused by a recently discovered novel
7 coronavirus known as SARS-CoV-2 (“Coronavirus” or “COVID-19”). The first
8 instances of the disease spreading to humans were diagnosed in or around December
9 2019.

10 18. On January 30, 2020, the World Health Organization (“WHO”) declared
11 that the Coronavirus outbreak constituted a public health emergency of international
12 concern.

13 19. On March 11, 2020, the WHO declared Coronavirus a worldwide
14 pandemic.

15 20. On March 13, 2020, President Trump declared the COVID-19 pandemic
16 to be a national emergency.

17 21. On March 16, 2020, the Centers for Disease Control and Prevention
18 (“CDC”) and national Coronavirus Task Force issued guidance to the American
19 public advising individuals to adopt social distancing measures.

20 22. As of August 5, 2020, the number of confirmed cases of COVID-19 is
21 over 18 million worldwide, with almost 700,000 deaths,¹ with the United States
22 dealing with nearly 4.7 million confirmed cases and over 150,000 reported deaths –
23 more than any other country in the world.²

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25
26 ¹ See *Coronavirus disease (COVID-19) Situation Report – 198*, World Health
27 Organization, <https://www.who.int/emergencies/diseases/novel-coronavirus-2019>
(last visited August 5, 2020).

28 ² See *Cases in the U.S.*, Center for Disease Control and Prevention,