

Restaurant Chain Seeks to Recover COVID-19 Losses Under Food Contamination Theory

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A group of Las Vegas-based restaurants recently filed a [class action lawsuit](#) to recover business interruption damages against their insurer. The Egg Works chain alleged that U.S. Specialty wrongly denied their claims for financial losses stemming from the Nevada governor's closure of non-essential businesses during the COVID-19 pandemic. The governor's orders limited the restaurants to takeout and delivery service only.

As discussed on the [Hunton Retail Blog Recall Roundup](#), this case is somewhat unique. Unlike many other COVID-19-related coverage claims under property or event cancellation policies, Egg Works' seeks recovery under a "Restaurant Recovery" policy as an "Insured Event," defined in the policy to include accidental or unintentional contamination or impairment of food products. U.S. Specialty has [moved to dismiss](#) on the basis that suspension of business operations following the governor's orders was not an "Insured Event" because these losses did not derive directly and solely from contamination or impairment of food products. If Egg Works succeeds, restaurants and other businesses in the food service industry may follow suit and consider pursuing similar claims under other food contamination policies. The full case name is Egg and I, LLC v. U.S. Specialty Insurance Co., No. 2:20-cv-00747 (D. Nev.).

Matt Revis *contributed to this article.*

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