Adrian Azer, Micah Skidmore, Wesley Dutton in Law360: Mich. Ruling Isn't Last Word On COVID-19 Insurance Claims

By Adrian C. Azer, Micah E. Skidmore | July 29, 2020

RELATED PRACTICES Insurance Recovery

On July 1, in *Gavrilides Management Co. LLC v. Michigan Insurance Co*., 30th Circuit Judge Joyce Draganchuk granted the insurance company's dispositive motion denying a $650,000 business interruption claim brought by restaurant owner Nick Gavrilides in the Circuit Court of the County of Ingham, Michigan.

Judge Draganchuk rejected as "simply nonsense" Gavrilides' argument that an executive order by Michigan Gov. Gretchen Whitmer prohibiting customers from dining at his restaurant amounted to a physical loss under his commercial property insurance policy.

Instead, Judge Draganchuk sided with the insurer, construing "direct physical loss of or damage to" the covered properties to require "something with material existence. Something that is tangible. Something ... that alters the physical integrity of property." Judge Draganchuk found the absence of any allegation of the presence of the virus to be dispositive of the issue of whether a physical loss had occurred and therefore whether coverage attached.

While Judge Draganchuk's denial of Gavrilides' claims garnered significant media coverage as the first dispositive ruling in a COVID-19 coverage dispute, there are several distinguishing features of this case which limit the impact of the court's verbal ruling.

Excerpted from *Law360*. To read the full article, click here. (Subscription required)

© 2026 Haynes and Boone, LLP