

Contingent Business Interruption: Emerging Issues in a Connected World

Chaos theory popularly holds that the flapping of the wings of a butterfly can influence the weather thousands of miles distant and weeks ahead. In a similar vein, in today's interconnected world, fires, building collapses, civil interruptions, earthquakes, hurricanes and floods in one nation can literally impact commerce worldwide, and for weeks and months to come. Contingent business interruption coverages address these outsized, complicated and far-flung risks.

In the current interconnected world of global commerce, no issue has emerged more prominently and more problematically than contingent business interruption coverage, and Zelle is at the forefront of property insurance disputes, advising and advocating for clients on standard disputes and emerging issues.

Zelle lawyers have dealt with contingent business interruption risks for many years, including claims arising from the terrorist attack on September 11, 2001, the 2005 U.S. Hurricanes (Katrina and Rita), the 2011 Japan Earthquake and the 2011 Thailand Floods. When insurers face contingent business interruption claims in the future, whether from relatively small scale fires, floods and other perils, or from the next widespread natural catastrophe, the claims will undoubtedly present complex coverage and measurement issues. Zelle was present at the creation of contingent business interruption law, and will undoubtedly be there to deal with the next stage of this property insurance evolution.

Representative Matters

Delphi Automotive Systems, Inc. v. ACE American Insurance Company, Allianz Global Risks US Insurance Company, et al. (Insurance coverage action and related ADR proceedings involving alleged contingent business interruption losses incurred in United States as a result of property damage in Japan due to the Great Japan Earthquake of 2011).

American Axle & Manufacturing, Inc. v XL Insurance America, Inc., et al.

(Insurance coverage action related to alleged contingent business interruption losses incurred in United States as a result of property damage Thailand due to the 2011 Thailand Floods).

Multiple Automotive and Technology industry claims resolved short of litigation and involving alleged losses through supply and distribution chains worldwide, stemming from the 2011 Great Japan Earthquake and Thailand Flooding.

Relevant Presentations and Articles

"The Paris Agreement and Business Interruption Coverage," *Insurance Law360*, December 22, 2015

"Contingent Business Interruption," Lloyd's Market Association Masterclass, May 24, 2013, Dan Millea, presenter

"Contingent Business Interruption Claims – Lessons Learned" – Munich and Hanover, Germany, July 2012, Dan Millea, presenter

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