

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

C.J.M., INC. d/b/a THE FIRESIDE GRILL,)	
	Plaintiff,) Case # 21-cv-00793
v.)	
)	
FARMERS INSURANCE.)	
	Defendant,) JURY TRIAL DEMANDED

COMPLAINT

Plaintiff C.J.M., INC. d/b/a THE FIRESIDE GRILL (“Plaintiff”), for its Complaint against Defendant FARMERS INSURANCE (“Farmers” or "Defendant"), alleges as follows:

INTRODUCTION

1. Plaintiff is the owner and operator of a restaurant at 49 Sugar Lane, Sugar Grove, IL 60554.
2. Plaintiff has been forced, by recent orders issued by the State of Illinois, to cease its operations, and then resume them in a severely limited manner, as part of the State’s efforts to slow the spread of the COVID-19 pandemic.
3. To protect its business from situations like these, which threaten its livelihood based on factors wholly outside of its control, Plaintiff obtained business interruption insurance from Farmers, which included the provision that in cases of suspension of business due to Civil Authority, Defendant was to pay for the actual loss of Business Income Plaintiff sustains and necessary extra expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property.
4. In breach of its insurance obligations that it voluntarily undertook in exchange for Plaintiff’s premium payments, Farmers has denied Plaintiff’s claims arising from the State-ordered interruption of its businesses.

5. On March 15, 2020, during the term of the policies issued by Farmers to Plaintiff, Illinois Governor Pritzker issued an order first closing all restaurants, bars, and movie theaters to the public in an effort to address the ongoing COVID-19 pandemic. A few days later, on March 20, 2020, Governor Pritzker ordered all “non-essential businesses” to close. The March 15 and March 20 orders are hereinafter collectively referred to as the “Closure Orders.”

6. Despite Farmers’s express promise in its policies to cover the Plaintiff’s business interruption losses when the government forces them to close, Farmers has issued a denial to Plaintiff for any losses related to the Closure Orders without first conducting any meaningful coverage investigation.

7. As a result of Farmers’s wrongful denial of coverage, Plaintiff files this action for a declaratory judgment establishing that it is entitled to receive the benefit of the insurance coverage they purchased, for indemnification of the business losses they have sustained, for breach of contract, and for bad faith claims handling under 215 ILCS 5/155.

PARTIES

8. Plaintiff is an Illinois corporation with its principal place of business in the Northern District of Illinois. All of its officers are citizens of the State of Illinois.

9. Defendant Farmers is an insurance company engaged in the business of selling insurance contracts to commercial entities such as Plaintiff in Illinois and elsewhere. Farmers is incorporated in the State of California and maintains its principal place of business there.

JURISDICTION & VENUE

10. This Court has subject matter jurisdiction under 28 U.S.C. § 1332 because there is complete diversity between the parties and the amount in controversy exceeds \$75,000, exclusive of interest and costs.

11. This Court has personal jurisdiction over Farmers pursuant to the Illinois “long arm statute,” 735 ILCS 5/2-209, because Farmers has submitted to jurisdiction in this state by: (a) transacting business in Illinois; (b) contracting to insure a person, property or risk located within Illinois at the time of contracting; and (c) making a contract substantially connected with Illinois. See 735 ILCS 5/2-209(1), (4), (7). In addition, Farmers exercises substantial, systematic and continuous contacts with Illinois by doing business in Illinois, serving insureds in Illinois, and seeking additional business in Illinois.

12. This Court has jurisdiction to grant declaratory relief under 28 U.S.C. § 2201 because an actual controversy exists between the parties as to its respective rights and obligations under the Policy with respect to the loss of business arising from the civil authority event detailed below.

13. Venue is proper in this district pursuant to 28 U.S.C. § 1391(b)(2) because a substantial part of the events or omission giving rise to Plaintiff’ claims occurred within the Northern District of Illinois.

FACTUAL ALLEGATIONS

14. Plaintiff incorporate by reference, as if fully set forth herein, the allegations in paragraphs 1 – 13 above.

15. In exchange for substantial premiums, Farmers sold commercial property insurance policies promising to indemnify the Plaintiff for losses resulting from occurrences, including the necessary suspension of business operations at any insured location caused by a government order, during the relevant time period.

16. In addition to property damage losses, Farmers also agreed to “pay for the actual loss of Business Income” sustained by Plaintiff due to the necessary suspension of Plaintiff’s operations during the period of business interruption caused by the actions of the Civil authority, first of

Plaintiff being forced to be completely shut down, and then for having to work at only partial capacity, all by government fiat.

17. Defendant was to pay for the actual loss of Business Income Plaintiff sustains and necessary extra expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property.

18. In response to the COVID-19 pandemic, and the spread of the coronavirus in Chicago and throughout Illinois, Illinois Governor Pritzker issued Executive Order 2020-07 on March 15, 2020 requiring that all bars, restaurants, and movie theaters close to the public beginning on March 16, 2020 and continuing through March 30, 2020.

19. The continuous presence of the coronavirus on or around Plaintiff's premises has rendered the premises unsafe and unfit for its intended use and therefore caused physical property damage or loss under the insurance policy.

20. Executive Order 2020-07 was issued in direct response to these dangerous physical conditions, and prohibited the public from accessing Plaintiff's restaurants, thereby causing the necessary suspension of its operations and triggering the Civil Authority coverage under the Policies. Executive Order 2020-07 specifically states, "the Illinois Department of Public Health recommends Illinois residents avoid group dining in public settings, such as in bars and restaurants, which usually involves prolonged close social contact contrary to recommended practice for social distancing," and that "frequently used surfaces in public settings, including bars and restaurants, if not cleaned and disinfected frequently and properly, also pose a risk of exposure."

21. Governor Pritzker's March 20, 2020 Closure Order (Executive Order 2020-10) closing all "non-essential" businesses in Illinois, including all restaurants and movie theaters, likewise was

made in direct response to the continued and increasing presence of the coronavirus on property or around Plaintiff' premises.

22. Like the March 15, 2020 Closure Order, the March 20, 2020 Order prohibited the public from accessing Plaintiff' restaurants, thereby causing the necessary suspension of its operations and triggering the Civil Authority coverage under the Policies.

23. As a result of the Closure Orders, the Plaintiff has suffered substantial Business Income losses and incurred Extra Expense. The covered losses incurred by Plaintiff and owed under the Policies is increasing every day, but are expected to exceed \$600,000.00.

24. Following the Closure Order, the Plaintiff submitted a claim to Defendant requesting coverage for its business interruption losses promised under the Policies. Farmers has denied Plaintiff's claims.

COUNT I: DECLARATORY JUDGMENT

25. Plaintiff incorporate by reference, as if fully set forth herein, the facts set forth in paragraphs 1 – 24 above.

26. There is an insurance contract under which Farmers was paid premiums in exchange for its promise to pay Plaintiff's losses for claims covered by the insurance contract, such as business losses incurred as a result of the government orders forcing them to close its businesses.

27. Plaintiff have complied with all applicable provisions of the insurance contract, including payment of the premiums in exchange for coverage under the insurance contract.

28. Farmers has arbitrarily and without justification refused to reimburse Plaintiff for any losses incurred by Plaintiff in connection with the covered business losses related to the Closure Orders and the necessary interruption of its businesses stemming from the COVID-19 pandemic.

29. An actual case or controversy exists regarding Plaintiff's rights and Farmers' obligations under the Policies to reimburse Plaintiff for the full amount of losses incurred by Plaintiff in connection with Closure Orders and the necessary interruption of its businesses stemming from the COVID-19 pandemic.

30. Pursuant to 28 U.S.C. § 2201, Plaintiff seek a declaratory judgment from this Court declaring the following: (a) Plaintiff' losses incurred in connection with the Closure Orders and the and the necessary interruption of its businesses stemming from the COVID-19 pandemic are insured losses under the Policies; (b) Farmers has waived any right it may have had to assert defenses to coverage or otherwise seek to bar or limit coverage for Plaintiff' losses by issuing blanket coverage denials without conducting a claim investigation as required under Illinois law; and (c) Farmers is obligated to pay Plaintiff for the full amount of the losses incurred and to be incurred in connection with the covered business losses related to the Closure Orders during the four-week indemnity period and the necessary interruption of its businesses stemming from the COVID-19 pandemic.

COUNT II: BREACH OF CONTRACT

31. Plaintiff incorporate by reference, as if fully set forth herein, the facts set forth in paragraphs 1 – 24 above.

32. The insurance contract under which Farmers was paid premiums in exchange for its promise to pay Plaintiff' losses for claims covered by the insurance contract, such as business losses incurred as a result of the government orders forcing them to close its businesses.

33. Plaintiff have complied with all applicable provisions of the insurance contract, including payment of the premiums in exchange for coverage under the insurance contract, and yet Farmers has abrogated its insurance coverage obligations.

34. As a result of Farmers' breaches of the Policies, Plaintiff have sustained substantial damages for which Farmers is liable, in an amount to be established at trial.

COUNT III: STATUTORY PENALTY FOR BAD FAITH DENIAL OF INSURANCE
UNDER 215 ILCS 5/155

35. Plaintiff incorporate by reference, as if fully set forth herein, the facts set forth in paragraphs 1 - 24 above.

36. Upon receipt of the Closure Order Claims, Farmers denied the claims without conducting any investigation, let alone a "reasonable investigation based on all available information" as required under Illinois law. See 215 ILCS 5/154.6.

37. Farmers' denials were vexatious and unreasonable. Farmers' denials constitute "improper claims practices" under Illinois law—namely Farmers' (1) refusals to pay Plaintiff' claims without conducting reasonable investigations based on all available information and (2) failure to provide reasonable and accurate explanations of the bases in its denials. See 215 ILCS 5/154.6 (h), (n).

38. Therefore, pursuant to 215 ILCS 5/155, Plaintiff request that, in addition to entering a judgment in favor of Plaintiff and against Farmers for the amount owed under the Policies at the time of judgment, the Court enter a judgment in favor of Plaintiff and against Farmers for an amount equal to the greater of (1) 60% of the amount which the trier of fact finds that Plaintiff are entitled to recover under the Policies, exclusive of costs; and (2) \$60,000 per Plaintiff. See 215 ILCS 5/155.

39. Plaintiff further requests that the Court enter a judgment in favor of Plaintiff and against Farmers in an amount equal to the attorneys' fees and costs incurred by Plaintiff for the prosecution of this coverage action against Farmers, which amount will be proved at or after trial, pursuant to 215 ILCS 5/155.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully prays that the Court:

1. Enter a declaratory judgment on Count II of the Complaint in favor of Plaintiff and against Farmers, declaring as follows: (a) Plaintiff's losses incurred in connection with the Closure Orders and the necessary interruption of its businesses stemming from the COVID-19 pandemic are insured losses under the Policies; (b) Farmers has waived any right it may have had to assert defenses to coverage or otherwise seek to bar or limit coverage for Plaintiff's losses by issuing blanket coverage denials without conducting a claim investigation as required under Illinois law; and (c) Farmers is obligated to pay Plaintiff for the full amount of the losses incurred and to be incurred in connection with the covered business losses related to the Closure Orders during the four-week indemnity period and the necessary interruption of its businesses stemming from the COVID-19 pandemic.
2. Enter a judgment on Count II of the Complaint in favor of Plaintiff and against Farmers and award damages for breach of contract in an amount to be proven at trial;
3. Enter a judgment on Count III of the Complaint in favor of Plaintiff and against Farmers in the amount equal to amount equal to the greater of (1) 60% of the amount which the trier of fact finds that Plaintiff are entitled to recover under the Policies, exclusive of costs; and (2) \$60,000 per Plaintiff;
4. Enter a judgment in favor of Plaintiff and against Farmers in an amount equal to all attorneys' fees and related costs incurred for the prosecution of this coverage action against Farmers, pursuant to 215 ILCS 5/155, which amount to be established at the conclusion of this action;

5. Award to Plaintiff and against Farmers prejudgment interest, to be calculated according to law, to compensate Plaintiff for the loss of use of funds caused by Farmers' wrongful refusal to pay Plaintiff for the full amount in costs incurred in connection with Closure Order Claims.
6. Award Plaintiff such other, further, and additional relief as this Court deems just and appropriate.

JURY DEMAND

Plaintiff hereby demand trial by jury on all issues so triable.

Respectfully submitted the date that is so stamped on this document.

/s/ Charles A. Silverman
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