

HARPER GREY LLP  
3200 – 650 West Georgia Street  
Vancouver, British Columbia, V6B  
4P7  
Canada

Tel: 604 687 0411  
Fax: 604 669 9385

## CASE SUMMARY: “ALL RISKS” POLICY OF INSURANCE DID NOT COVER WATER DAMAGE CAUSED BY A RAINSTORM OR REDUCTION IN THE INSURED’S BUSINESS DURING REPAIRS

The flood coverage of an all-risks policy did not apply to rain water accumulating on the ground, and the business interruption coverage was restricted to complete cessation of business.

### **Insurance law – All-risk insurance – Accidental – Business interruption coverage – Interpretation of policy**

*Le Treport Wedding & Convention Centre Ltd. v Co-operators General Insurance Co.*, [2019] O.J. No. 2595, 2019 ONSC 3041, Ontario Superior Court of Justice, May 17, 2019, D.K. Gray J.

The insured events centre sought coverage under an all-risks policy for damage caused by water ingress from a large rain storm. The insurer took the position that only the sewer back-up coverage applied and the policy limit of \$500,000 had already been paid out. The insured argued that both flood and business interruption coverage also applied to the loss.

The court agreed with the insurer and dismissed the insured’s claim for compensation exceeding the sewer back-up limit. The flood endorsement defined “flood” as “the rising of, the breaking out or the overflow of any body of water”. The events centre was damaged by an influx of water caused by rain that accumulated on the ground. The insured was unable to prove that any water damage came as a result of the breaking out or overflow of a body of water.

With respect to the business interruption claim, the court held that interruption of business requires a complete cessation of business. The term “interference” may refer to lesser events interfering with profit making capability, but that term was not used in the policy. The insured, contrary to the insurer’s advice, had declined to shut down business during emergency repairs. Since the insured’s business continued to operate, albeit with reduced bookings, there was no “interruption of business” and the endorsement did not apply.

This case was digested by [Paul R. Saunders](#), and first published in the LexisNexis® Harper Grey Insurance Law Netletter and the Harper Grey Insurance Law Newsletter. If you would like to discuss this case further, please contact Paul R. Saunders at [psaunders@harpergrey.com](mailto:psaunders@harpergrey.com).