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**NC SUPREME COURT FINDS INSURANCE COMPANY  
MUST PAY BUSINESS INTERRUPTION COVERAGE FOR LOSSES STEMMING  
FROM COVID-RELATED GOVERNMENT SHUTDOWN ORDERS**

*Paynter Law secures first-in-the-nation victory for restaurant clients*

December 13, 2024 (Durham, NC) – Paynter Law secured a landmark victory when the North Carolina Supreme Court ruled that The Cincinnati Insurance Company must pay business interruption coverage for losses suffered by 16 restaurants due to Covid-19-related government shutdown orders. At least 21 state supreme courts had previously ruled on whether insurers owe such losses, but Paynter Law’s action represents the first and only case in the country where a supreme court has definitively required an insurance company to pay. The NC Supreme Court’s opinion is a final judgment that cannot be further appealed.

The Plaintiff-restaurants include Vin Rouge, Parizade, Mateo Bar de Tapas, Rosewater, Mothers & Sons Trattoria, Saint James Seafood, Lucky’s Delicatessen, Bin 54, City Kitchen, Village Burger, Nasher Cafe, Local 22, Kipos, Golden Fleece, Farm Table, and Gatehouse Tavern, and are owned and operated by Matthew Kelly, Giorgios Bakatsias, Jay Mehdian, and Laszlo Lukacs, local chefs, businessowners, and multi-time James Beard award nominees who helped ignite the region’s culinary renaissance.

“This unanimous ruling provides definitive confirmation of what my clients have known all along: that their insurance policy provides coverage for pandemic-related losses,” says lead attorney for the Plaintiffs, Gagan Gupta. “It’s a groundbreaking and powerful win for policyholders still recovering from the economic devastation brought about by Covid-19.”

Business interruption policies, like the ones Cincinnati issued to the Plaintiffs, provide coverage when a business experiences “direct physical loss.” In the Supreme Court, Cincinnati argued the position adopted by the insurance industry nationally that the phrase “direct physical loss” does not cover “loss of use” as caused by Covid-19. But as the Supreme Court’s opinion explains, there is a “common-sense expectation that insurance should protect from threats to property that make it unusable for the purpose for which it is insured. Property ‘loss’ surely occurs when it is no longer usable for its insured purpose, as a policyholder would reasonably expect.” Accordingly, the Supreme Court held that “when the restaurants lost physical use of their properties as restaurants due to the pandemic orders, they experienced a direct physical loss.”

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**About Paynter Law:** With two offices in North Carolina and one in Washington, D.C., Paynter Law is dedicated to protecting the rights of businesses, consumers, and victims of fraud and negligence, with a focus on insurance disputes, class actions, high-stakes personal injury litigation, complex commercial cases, intellectual property disputes, and antitrust litigation. More about the firm can be found at: <https://www.paynterlaw.com>.