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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

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## Zurich Gets Partial Win In Country Club's Irma Coverage Suit

By **Sarah Jarvis**

Law360 (July 15, 2019, 6:31 PM EDT) -- Zurich American Insurance Co. on Monday notched a partial win over a South Florida country club when a Florida federal judge said the terms of the country club's policy with the insurer limit its liability coverage in the damages the club sustained from Hurricane Irma.

Grey Oaks Country Club claimed in September that Zurich breached its coverage obligations under a commercial insurance policy and acted in bad faith by covering only \$3.9 million of an "**eight figure**" demand for Irma-related losses. The court dismissed the bad faith claim in March, but kept alive the breach of contract count for what the Naples, Florida, country club said was a failure to cover the full amount of damages it suffered after the 2017 hurricane.

U.S. District Judge John E. Steele said Zurich's policy language limits coverage to \$500,000 per "premises" on the property plus an additional 1,000 feet beyond the property's address. Though the country club listed 19 different spots, including a fitness center, a clubhouse and a maintenance building, on a schedule of locations under "common policy forms and endorsements," Judge Steele said just two addresses appeared on the commercial property coverage declarations.

Grey Oaks wanted the court to designate each of the 19 listed locations as separate premises under the "Golf Course Outdoor Grounds Coverage" included in its policy, Judge Steele said. But the definition of premises is unambiguous, he said, explaining that all premises must be listed on the commercial property coverage declarations part of the policy in order to receive coverage.

In its April motion for partial judgment, Grey Oaks said Zurich tried to use the "convoluted nature" of a nearly 400-page policy to attain an unfair advantage.

"This case presents a quintessential bait-and-switch from the insurance company playbook: collect a substantial premium for coverage and later claim that the policy limits are far less after a loss occurs," Grey Oaks said.

Zurich argued in its May cross motion for partial judgment that Grey Oaks offered a "strained and unreasonable" interpretation of the policy by seeking \$9.5 million for all its listed locations.

"Based upon a fair, straightforward and reasonable reading of the policy, it is clear that the policy provides a \$500,000 limit for Golf Course Outdoor Grounds Coverage," Zurich said.

Judge Steele sided with Zurich in determining the 19 listed locations don't count as separate premises under policy language, but he said a second address Grey Oaks listed under a "special conditions" section of the commercial property part qualifies, in addition to the one

address for which Zurich claimed it was liable under the policy's golf course coverage.

Hurricane Irma — which was a Category 3 storm by the time it hit Florida — caused substantial damage to Grey Oaks, including its landscaping, main clubhouse, estuary clubhouse and estuary golf course, according to the order.

Counsel for Zurich declined to comment on Monday's order, and attorneys for Grey Oaks did not immediately respond to a request for comment.

Grey Oaks is represented by Walter J. Andrews, Michael J. Mueller and Cary D. Steklof of Hunton Andrews Kurth LLP.

Zurich is represented by Ira S. Bergman and Jason M. Chodos of Litchfield Cavo LLP.

The case is Grey Oaks Country Club Inc. v. Zurich American Insurance Company, case number 2:18-cv-00639, in the U.S. District Court for the Middle District of Florida.

--Additional reporting by Jeff Sistrunk. Editing by Daniel King.

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