



VICTORY FOR MOUND COTTON CLIENT IN FLORIDA COLLAPSE COVERAGE CASE

FOR IMMEDIATE RELEASE

April 16, 2018 (Fort Lauderdale, FL)

On April 10, 2018, Great American Insurance Company of New York (“Great American”) received a decision from the United States District Court for the Southern District of Florida, Miami Division, granting summary judgment against The S.O. Beach Corp. and Larios on the Beach, Inc., in a dispute regarding application of the policy’s collapse coverage.

Larios, a Miami restaurant owned by musicians Gloria and Emilio Estefan, along with Larios’ affiliate, sued Great American for allegedly breaching its contract of insurance by failing to pay their \$2.4 million claim for property damage and business income loss. S.O. Beach and Larios argued that the damage was caused by “collapse,” and therefore was covered under the policy.

Great American convinced the court that S.O. Beach and Larios failed to establish that a covered collapse occurred. The policy defined collapse as “an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.” Citing to *Kings Ridge Community Ass’n v. Sagamore Ins. Co.*, 98 So.3d 74, 77 (Fla. 5th DCA 2012), the Court noted that “‘abrupt,’ is defined as ‘characterized by or involving action or change without preparation or warning: unexpected’.”

Great American argued that coverage was excluded because the damage did not occur suddenly, but instead occurred gradually over an extended period of time and that the insured knew about the progressive deterioration for several years prior to reporting the claim. The Court agreed, holding that “the gradually occurring deterioration of Plaintiffs’ Building does not qualify as a covered loss given that the applicable policy defines collapse as a ‘abrupt falling down or caving in.’” The Court further stated that, “[b]ecause Plaintiffs received inspection reports and emails detailing structural problems and recommending immediate repairs, the Court cannot accept Plaintiffs’ conclusory statement that they had no knowledge of the Building’s deterioration.”

The court went on to conclude that, as the “evidence indicate[d] the damage occurred gradually over an extended period of time and Plaintiffs knew about the Building’s gradual deterioration well before the day they allege the collapse occurred, ... Plaintiffs cannot prove that any portion of the building abruptly fell down or caved in during the 2013 Policy period, and thus, cannot survive Great American’s motion for summary judgment.”

Great American was represented by Mound Cotton partners **William D. Wilson** and **Brian M. McKell** and associate **Brooke D. Oransky**.