

Larry Golub Discusses California Appellate Court Ruling that Expands Coverage for “Loss of Use” Under the Definition of “Property Damage” in a Commercial Liability Policy

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Larry Golub discussed in *Law360* a recent decision by the California Court of Appeal to reverse a lower court’s decision and hold that the revocation of a venue’s nightclub license triggered the “loss-of-use” provision in a commercial general liability policy. The ruling clarified that the “total shutdown of a property is not required for the loss-of-use coverage to apply.”

Golub argues that Thee Sombrero Inc., the owner of the venue, suffered no loss of use as it is commonly understood because it could hold other events at the venue after the club permit was canceled. However, the appellate court “conflated the diminution of value concept with the loss of use” and thus “essentially allowed Sombrero to recover purely economic losses, which are not covered under a typical liability policy.” Golub said the decision stretches loss-of-use coverage “further than any California case I have seen” without support from prior case law.

Read “[Club Shooting Decision Widens Coverage For ‘Loss Of Use’](#)” on the *Law360* website (*subscription may be required*)

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