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Bill to Create Statutory Presumption of Direct Physical Loss for COVID-19 Business Income Claims Dies in California Legislature

By Andrew B. Downs

Earlier this year, we reported on an effort in the California legislature to create a statutory presumption that there was direct physical damage to insured property for any COVID-19 Business Income claim, thus reversing burdens of proof for Business Income claims.

We are pleased to report that bill, AB 1552, died when the California legislature's session ended August 31st, without its passage.

Governor Newsom has until September 30 to sign bills that did pass both houses of the legislature. We'll report in a few weeks on the net effect of this year's legislative activity.