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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON  
FOR THE COUNTY OF KING

SEATTLE GYMNASTICS ACADEMY, INC.,  
a Washington corporation,

Plaintiff,

vs.

SENTINEL INSURANCE COMPANY, LTD.,  
a Connecticut corporation,

Defendant.

Case No.

COMPLAINT

Seattle Gymnastics Academy, Inc. brings its complaint against Sentinel Insurance Company, Ltd. and alleges as follows:

**I. PARTIES**

1.1. Plaintiff Seattle Gymnastics Academy (“SGA”) is a Washington corporation with its principal place of business in Seattle, Washington.

1.2. Defendant Sentinel Insurance Company (“Sentinel”) is a Connecticut corporation with its principal place of business in Hartford, Connecticut. Sentinel does business in King County, Washington including selling Policy of insurance in King County, Washington.



1           3.7.    The Policy also provides coverage for business income loss sustained as a result  
2 of direct physical loss or damage to a “dependent premises” that SGA depends on to, among  
3 other things, deliver materials or services to it, accept its products or services, or to attract  
4 customers to its Properties.

5           3.8.    The Policy also provide coverage under a “stretch” endorsement that adds  
6 additional coverage for business income loss from dependent properties and for extended  
7 business income.

8           The Pandemic

9           3.9.    A pneumonia of unknown origin was first reported to the World Health  
10 Organization (“WHO”) on December 31, 2019. China provided the genetic sequence for what  
11 has become known as the 2019 Novel Coronavirus (also known as SARS-CoV-2) on or about  
12 January 12, 2020.

13           3.10.   The WHO recognized on January 25, 2020, that the 2019 Novel Coronavirus is a  
14 “global threat to human health . . . .” On January 30, 2020, the WHO Director declared the 2019  
15 Novel Coronavirus outbreak “a Public Health Emergency of International Concern.”

16           3.11.   In January 2020, the first known case of a U.S. resident infected by the SARS-  
17 CoV-2 coronavirus was reported in the State of Washington. The first reported case occurred in  
18 Snohomish County, Washington, about 30 miles from Seattle. The first death in the United  
19 States (officials believed at the time) from COVID-19 was announced on February 28, 2020, to  
20 have occurred in King County, Washington.

21           3.12.   SARS-CoV-2 is a coronavirus that is believed to be primarily spread through  
22 respiratory droplets and by “fomites”—objects and surfaces contaminated by the respiratory  
23 droplets.

24           3.13.   Emerging research on the virus and reports indicate that the SARS-CoV-2 strains  
25 physically infect and can stay alive on surfaces for at least 17 days, a characteristic that renders  
26

1 property exposed to the contagion potentially unsafe and dangerous. Other research indicates that  
2 the virus may linger on surfaces for up to four weeks in low temperatures.

3 3.14. SARS-CoV-2 reportedly has an incubation period of 2–12 days, during which  
4 time it can be transmitted to others even before symptoms develop.

5 3.15. Beginning on January 31, 2020, President Donald Trump began issuing  
6 Presidential Proclamations and other directives suspending or restricting the entry of persons  
7 from certain countries, in an attempt to prevent the spread of the SARS-CoV-2 coronavirus.

8 3.16. The disease caused by the 2019 Novel Coronavirus, also called SARS-CoV-2,  
9 was identified as “COVID-19” on February 11, 2020.

10 3.17. On February 29, 2020, Washington State Governor Jay Inslee issued  
11 Proclamation 20-05, proclaiming, among other things, that a State of Emergency existed in all  
12 counties throughout the State of Washington, including King County, as a result of the SARS-  
13 CoV-2 outbreak in the United States and confirmed spread of SARS-CoV-2 in the State of  
14 Washington.

15 3.18. On March 1, 2020, King County, Washington Executive Dow Constantine  
16 proclaimed a state of emergency in King County, Washington due to SARS-CoV-2.

17 3.19. On March 3, 2020, City of Seattle Mayor Jenny A. Durkan issued a “Mayoral  
18 Proclamation of Civil Emergency” due to SARS-CoV-2.

19 3.20. On March 11, the WHO characterized COVID-19 as a pandemic. WHO saw  
20 “alarming levels of spread and severity” of SARS-Cov-2 and COVID-19. WHO representatives  
21 stated: “Pandemic is not a word to use lightly or carelessly . . . We have never before seen a  
22 pandemic sparked by a coronavirus. This is the first pandemic caused by a coronavirus. And we  
23 have never before seen a pandemic that can be controlled, at the same time.”

24 3.21. The United States Center for Disease Control (“CDC”) has stated, among other  
25 things, that a “pandemic is a global outbreak of disease. Pandemics happen when a new virus  
26

1 emerges to infect people and can spread between people sustainably. Because there is little to no  
2 pre-existing immunity against the new virus, it spreads worldwide.”

3 3.22. On March 11, 2020, Governor Inslee issued Proclamation 20-07, which among  
4 other things, amended Proclamations 20-05 (and Proclamation 20-06, relating to “congregate  
5 care settings”), establishing, among other things, “community mitigation strategies” due to  
6 SARS-CoV-2, including prohibiting gatherings of 250 people or more for specified activities,  
7 including “recreational activities.”

8 3.23. On March 12, 2020, the Seattle Public School District, “in an effort to  
9 aggressively slow the spread of COVID-19,” closed all Seattle Public schools until at least  
10 April 24, 2020.

11 3.24. On March 16, 2020, Governor Inslee issued Proclamation 20-13, which included  
12 a total prohibition on “any number of people from gathering in any public venue in which people  
13 congregate for purposes of public entertainment, recreation, food and beverage service, theater,  
14 bowling, fitness and other similar activities.”

15 3.25. On March 23, 2020, Governor Inslee issued Proclamation 20-25, known as the  
16 “Stay Home – Stay Healthy Order,” which, among other things, prohibited all residents of the  
17 State of Washington from leaving their homes or participating in social, spiritual and recreational  
18 gatherings of any kind regardless of the number of participants; Proclamation 20-25 also ordered  
19 that all non-essential businesses in Washington State stop conducting business due to SARS-  
20 CoV-2. On April 2, 2020, Governor Inslee issued Proclamation 20-25.1, which, among other  
21 things, extended Proclamation 20-25’s restrictions to at least May 4, 2020.

22 3.26. On March 24, 2020, the World Health Organization indicated that the United  
23 States had the potential to become the center of the SARS-CoV-2 pandemic.

24 3.27. On March 28, 2020, King County, Washington and City of Seattle Local Health  
25 Officer Jeffrey S. Duchin, MD issued a “Quarantine Directive and Isolation Order” due to  
26 SARS-CoV-2.

1           3.28. On April 6, 2020, Governor Inslee and Washington State Superintendent of  
2 Public Instruction Chris Reykdal announced Proclamation 20-09.1, “Statewide K-12 School  
3 Closures,” which mandated that all schools in Washington State must remain closed until at least  
4 the start of the 2020–21 school year in September 2020.

5           3.29. Beginning in at least January 2020, and potentially earlier, the SARS-CoV-2  
6 coronavirus began spreading throughout the United States.

7           3.30. As of April 11, 2020, all 50 states as well as the U.S. Virgin Islands, the Northern  
8 Mariana Islands, Washington, D.C., Guam and Puerto Rico have received a federal disaster  
9 declaration as a result of the pandemic. As of April 11, 2020, American Samoa was the only U.S.  
10 territory that is not under a major disaster declaration.

11           SGA’s Response to the Pandemic

12           3.31. On or about March 12, 2020, SGA’s facilities were closed to its customers and its  
13 operations ceased.

14           3.32. SGA’s average monthly revenue for its current fiscal year beginning in July 2019,  
15 until March, 2020, was \$708,000. SGA’s average monthly revenue for its past two fiscal years  
16 was approximately \$660,000.

17           3.33. Since closing its facilities, SGA has received little to no monthly revenue from  
18 running “virtual” classes.

19           Sentinel’s Denial

20           3.34. On or about April 1, 2020, SGA provided notice of a claim to Sentinel under the  
21 Policy.

22           3.35. On April 2, 2020, a Sentinel claims representative contacted SGA in response to  
23 its claim for business income coverage. During the call, which lasted less than five minutes, the  
24 representative did not ask SGA questions related to the particular facts and circumstances of its  
25 insured’s claim. Rather, after learning only that the claim was related to coronavirus, Sentinel’s  
26 representative notified SGA that its claim would be denied.

1           3.36. Within minutes of ending the call with SGA, Sentinel issued a denial letter to  
2 SGA.

3           3.37. In its denial letter, Sentinel stated that “Business Income coverage is not provided  
4 for your loss because there has been no physical loss or damage caused by or resulting from a  
5 Covered Cause of Loss to property at a scheduled premises.”

6           3.38. Sentinel cited “potentially applicable” exclusions for denying SGA’s claim under  
7 the Policy, as follows:

8           A. Sentinel claimed that the Policy excludes coverage for “pollution,” the definition  
9 of which does not include viruses, stating, “The coronavirus is understood to be  
10 an irritant or contaminant which causes or threatens to cause physical impurity,  
11 unwholesomeness and threatens human health or welfare. . . . [E]ven if coverage  
12 were otherwise available for loss caused by coronavirus, the pollution exclusion  
13 could further bar coverage for the loss.”

14           B. Sentinel stated that physical loss or physical damage caused by or resulting from  
15 “consequential losses, delay, loss of use or loss of market” is precluded under the  
16 “consequential losses” exclusion. Without explanation, Sentinel asserted, “To the  
17 extent that you are claiming physical loss or physical damage caused by loss of  
18 use or loss of market, coverage would be precluded based on the exclusion  
19 above.”

20           C. Lastly, Sentinel stated that based on the “acts or decisions” exclusion, Sentinel  
21 “will not pay for damage caused by or resulting from the decision of a person,  
22 group, organization or governmental body.”

23           **IV. FIRST CLAIM FOR RELIEF: BREACH OF CONTRACT**

24           4.1. SGA realleges and incorporates by reference each and every preceding paragraph.

25           4.2. SGA, the named insured on the Policy, paid valuable premiums in consideration  
26 for the Policy.

1 4.3. SGA complied with all conditions precedent to coverage under the Policy, except  
2 any obligations that were waived or excused.

3 4.4. Sentinel breached its express and implied duties under the Policy by denying  
4 coverage to SGA for its losses.

5 4.5. Sentinel's breach of the Policy has caused SGA's damages in an amount to be  
6 proven at trial in but not less than \$500,000.

7 **V. SECOND CLAIM FOR RELIEF: COMMON LAW BAD FAITH**

8 5.1. Plaintiff realleges and incorporates by reference each and every preceding  
9 paragraph.

10 5.2. Sentinel owes SGA a duty of good faith and fair dealing. Sentinel also has a duty  
11 not to put its own interests above SGA's.

12 5.3. Sentinel's unreasonable and unfounded actions and omissions, including its  
13 failure to conduct a reasonable investigation and to pay coverage owed under the Policy, and  
14 unreasonable denial of coverage under the Policy, constitute a breach of its duties to SGA and  
15 amount to the tort of bad faith under Washington law.

16 5.4. Sentinel's bad faith conduct directly and proximately damaged SGA. These  
17 damages include, but are not limited to, the deprivation of benefits owed to SGA under the  
18 Policy and the costs associated with bringing this action, including expenses and attorney fees.  
19 SGA is entitled to recover these costs, which resulted from Sentinel's bad faith.

20 **VI. THIRD CLAIM FOR RELIEF: CONSUMER PROTECTION ACT**

21 6.1. SGA realleges and incorporates by reference each and every preceding paragraph.

22 6.2. Sentinel unfairly denied SGA's claim for coverage under the Policy and  
23 misrepresented SGA's coverage in Sentinel's denial letter.

24 6.3. On information and belief, Sentinel has employed similar unfair and deceptive  
25 acts by failing to reasonably investigate SGA's claims and other similar claims.  
26



1 **IX. PRAYER FOR RELIEF**

2 WHEREFORE, Plaintiff prays for judgment in its favor against Sentinel as follows:

- 3 1. For damages in an amount to be proven at trial but not less than \$500,000;  
4 2. For declaratory relief;  
5 3. For an award of attorney fees, expert costs, and other costs incurred in bringing  
6 this action;  
7 4. For treble damages under the Consumer Protection Act up to the statutory  
8 maximum; and  
9 5. For such other and further relief as the Court deems just and equitable.

10 DATED this 29th day of April, 2020.

11 s/ Seth H. Row

12 Seth H. Row, WSBA No. 32905

13 s/ Tristan N. Swanson

14 Tristan N. Swanson, WSBA No. 41934

15 s/ Carolyn A. Mount

16 Carolyn A. Mount, WSBA No. 55527

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