

**SUPERIOR COURT OF THE DISTRICT OF COLUMBIA  
CIVIL DIVISION**

**PROPER VENTURES, LLC dba** )  
**PROPER TWENTY-ONE** )  
c/o The Veritas Law Firm )  
1225 19<sup>th</sup> Street, NW, Suite 320 )  
Washington, DC 20036 )

Plaintiff, )

v. )

**SENECA INSURANCE COMPANY, INC.** )

Serve: )  
Department of Consumer and Regulatory Affairs )  
Business and Professional Licensing )  
Administration )  
Corporations Division )  
1100 4th Street, SW )  
4th Floor )  
Washington, DC 20024 )

and )

**DISTRICT OF COLUMBIA** )  
**[against which no monetary relief is sought]** )

Serve: )  
Karl A. Racine, Esq. )  
Attorney General of the District of Columbia )  
Office of the Attorney General for the District )  
of Columbia )  
441 4th St NW, Suite 1100 )  
Washington, DC 20001 )

Defendants. )

Civil Action No.

---

**COMPLAINT**

Plaintiff Proper Ventures, LLC d/b/a Proper Twenty-One (“Proper Twenty-One” or “Plaintiff”), by and through counsel, hereby brings this action against Defendant Seneca Insurance Company, Inc. (“Seneca” or “Defendant”) and in support thereof states as follows:

1. Proper Twenty-One has been forced to bring this lawsuit to obtain insurance coverage wrongfully denied by Seneca at the time when Proper Twenty-One is at its most vulnerable and in need of such coverage to survive its loss of business income following the honorable Mayor’s March 16, 2020 order prohibiting restaurants to provide table seating or service. Operating successfully since 2016, Proper Twenty-One provides its patrons bar and table seating in an elevated sports bar in downtown DC with over 5,000 square feet and with an occupancy of over 200. Proper Twenty-One’s staff included dozens of local chefs, cooks, bartenders, waiters and waitresses, and managers. However, due to the Order of the District of Columbia, it was forced to furlough its staff and close its doors to its customers. Proper Twenty-One immediately sought coverage for its loss of business income from Seneca, through a policy that provided coverage for the loss of business income, including the salaries and other expenses owed. Days after receipt of the claim, Seneca denied Proper Twenty-One’s claim, leaving it no choice but to turn to the local courts to obtain the coverage owed so that it can withstand the forced shutdown and open its doors again as a successful local business and employing many residents of the District.

### **JURISDICTION**

2. This Court has personal jurisdiction over the Defendants pursuant to the provisions of D. C. Code § 11-921.

3. Venue is proper because this action involves an insurance policy issued to a District of Columbia policyholder operating a business in the District of Columbia and Orders issued by the District of Columbia.

### **PARTIES**

4. Plaintiff Proper Twenty-One is a limited liability company formed under the laws of the District of Columbia with two individual members owning one hundred percent of the ownership that is authorized to do business and was doing business in the District of Columbia.

5. Defendant Seneca Insurance Company is a corporation providing insurance with a principle place of business in New York, New York.

6. The District of Columbia and issued Order 2020-0048 on March 16, 2020 and Order 2020-0053 on March 24, 2020. No monetary relief is sought against the District of Columbia.

### **FACTUAL BACKGROUND**

7. Since the Fall of 2016, Proper Twenty-One has successfully operates a well-respected, upscale sports bar in the downtown area of Washington, DC with the address of 1319 F Street, NW, in Washington, DC, open seven days a week from 11 am to 11:30 pm, with the vast majority of all patrons utilizing and served at bar-side or table seating.

8. On or about March 23, 2019, Seneca entered into a contract of insurance with Proper Twenty-One, whereby Proper Twenty-One agreed to make payments to Seneca in exchange for Seneca's promise to indemnify Proper Twenty-One for losses including, but not limited to, business income loss at Proper Twenty-One's business premises.

9. On March 23, 2019, Seneca Insurance issued Proper Twenty-One an insurance policy with a policy number of SCC 2108397 and a policy period of March 23, 2019 through March 23, 2020 (the “Policy”).

10. Proper Twenty-One faithfully paid Seneca Insurance premiums for the Policy.

11. The Policy’s Declarations identifies that Proper Twenty-One operates a restaurant/bar with the address of 1319 F Street, NW, in Washington, DC, which is referenced as the premises and so described.

12. Seneca Insurance is subsidiary of Crum and Forster Holdings Corp., which, upon information and belief, had a net income of approximately \$167,100,000.00 in 2019.

13. The Policy’s Declarations provides a \$420,000.00 limit of Business Income other than Rental Value limits, noting that such coverage is set forth in a Special Form Including Theft.

14. The Policy contains form CP 00 30 10 12, which is titled “Business Income (and Extra Expense) Coverage Form.”

15. The Business Income (and Extra Expense) Coverage Form defines “Business Income”: “Business Income means the: a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and b. Continuing normal operating expenses incurred, including payroll.”

16. The Policy provides the following grant of coverage: “We will pay for the actual loss of Business Income you sustain due to the necessary “suspension” of your “operations” during the “period of restoration.” The “suspension” must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business

Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss.”

17. The policy defines the term “operations” as: “Operations means your business activities occurring at the described premises and the tenantability of the described premises.”

18. The policy defines the term “suspension” as a full or partial shut-down: “a. The partial or complete cessation of your business activities; or b. That a part or all of the described premises is rendered untenable.”

19. The Policy defines the term “Covered Cause of Loss”: “When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.”

20. The Declarations reference “Special” for Business Income Coverage.

21. The Policy states that the referenced “period of restoration” means the period of time that: “Begins: (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage; caused by or resulting from any Covered Cause of Loss at the described premises.”

22. The Business Income (and Extra Expense) Coverage Form also provides the following additional coverage under the section “Civil Authority” that provides: “When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply: (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are

within that area but are not more than one mile from the damaged property; and (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.”

23. The Policy states that, “Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.”

24. The Policy states that, “Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end: (1) Four consecutive weeks after the date of that action; or (2) When your Civil Authority Coverage for Business Income ends; whichever is later.”

25. The Policy contains Form CP 01 78 08 08, Exclusion of Loss Due to Virus or Bacteria. The exclusion provides, “We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.”

26. On March 16, 2020, the District of Columbia, through the Office of the Mayor, issued Order 2020-048 that specifically prohibited table seating at any restaurant or tavern in the District of Columbia beginning at 10:00 pm that night.

27. The Order stated that a violation of the Order would result in criminal, civil and administrative penalties.

28. Since March 16, 2020, the District of Columbia, through the Office of Mayor, has issued additional Orders, including Order 2020-0053, prohibiting table seating or dine-in service

at any restaurant or tavern at least until April 24, 2020 and has prohibited any gathering of ten or more persons anywhere, including in a restaurant or tavern.

29. On March 17, 2020 and as a direct and proximate result of the Mayor's March 16, 2020 Order, Proper Twenty-One ceased all operations at the business premises as its patrons could no longer access table or bar seating inside its business premises.

30. As a further direct and proximate result of the Order, Proper Twenty-One effectively furloughed all of its non-manager employees.

31. On March 19, 2020, Proper Twenty-One provided to Seneca notice of a claim under the Policy for coverage for business income.

32. Proper Twenty-One satisfied all conditions precedent to recovering for its loss under the terms and conditions of the Policy.

33. On April 2, 2020, Seneca denied Proper Twenty-One's claim.

34. Seneca denied coverage on three grounds: (a) it alleged that no business income or extra expense coverage was available because no direct physical loss of occurred; (b) it alleged no coverage under the additional coverage for Civil Authority was available because access to the business was not was prevented due to any nearby property damage, and (c) it alleged Proper Twenty-One's claim for coverage was excluded under the Exclusion of Loss Due to Virus or Bacteria because its claim "entirely arises out of such a virus."

35. Seneca's denial is contradicted by the terms and conditions of the Policy and applicable law.

36. Seneca's denial of coverage breached its obligation and responsibility to provide coverage available through the Policy to Proper Twenty-One due to its covered loss of business

income because its premises are unusable and uninhabitable and have lost all function, which constituted a direct physical loss under the Policy.

37. As a result of Seneca's denial of coverage and breach of the insurance policy it issued, Proper Twenty-One has suffered and will continue to suffer damages.

38. A declaratory judgment determining that the coverage provided under the Policy and order that coverage is owed will prevent Proper Twenty-One being wrongfully left without vital coverage acquired to ensure the survival of its businesses due to the shutdown caused by the Mayor's Order. As a result of the Order, Proper Twenty-One has incurred, and continues to incur, a substantial loss of business income and additional expenses covered under the policy.

**COUNT I: DECLARATORY RELIEF**

**(against Seneca and District of Columbia)**

39. Proper Twenty-One realleges and incorporates by reference all preceding paragraphs of its Complaint as if fully set forth herein.

40. On March 23, 2019, Seneca Insurance issued Proper Twenty-One an insurance the Policy, for which Proper Twenty-One paid premiums.

41. The Policy was a binding contract between Seneca and Proper Twenty-One that afforded Proper Twenty-One insurance under the terms and conditions of the Policy.

42. On March 16, 2020, the District of Columbia, through the Office of the Mayor, issued Order 2020-048 that prohibited table seating at any restaurant or tavern in the District of Columbia beginning at 10:00 pm that night and that prohibition has continued in effect through the date of the filing of this Complaint and has issued an additional order that prohibited any gathering of ten or more persons through Order 2020-0053.



43. On March 16, 2020 and continuing until and through the date of the filing of this Complaint, Proper Twenty-One has suffered the loss of Business Income covered under the Policy due to the ceasing and suspension of its operations caused by a “direct physical loss of” the business premises due to the Mayor’s March 16, 2020 Order.

44. The Policy’s coverage for Business Income does not require damage to property at premises.

45. Proper Twenty-One’s business premises are unusable and uninhabitable by employees and customers and have lost all function to operate as a sit down restaurant and sports bar as well as having been prohibited.

46. Proper Twenty-One’s loss of Business Income is not otherwise excluded under the Policy.

47. The Policy states that, “Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.”

48. Coverage under the Policy was further available under the Policy’s additional coverage for Civil Authority.

49. Seneca denied that any coverage is available under the Policy for Proper Twenty-One’s loss.

50. An actual cause and controversy exist that is ripe for declaratory judgment.

51. The facts as alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interest, of sufficient immediacy

and reality to warrant the issuance of a declaratory judgment, which will terminate an actual case and controversy.

52. No monetary relief is sought from the District of Columbia.

WHEREFORE, Proper Twenty-One respectfully requests that this Court declare (a) that the District of Columbia's March 16, 2020 Order prohibited Proper Twenty-One from providing bar or table service at its business premises and prohibited it from permitting any patrons to utilize such seating as well as and through Order 2020-0053 has prohibited any gathering of ten or more persons at Proper Twenty-One and (b) that Proper Twenty-One's loss of Business Income is covered under the Policy, and such other relief as the Court deems just and proper.

**COUNT II: BREACH OF CONTRACT**

**(against Seneca)**

53. Proper Twenty-One realleges and incorporates by reference all preceding paragraphs of its Complaint as if fully set forth herein.

54. On March 23, 2019, Seneca Insurance issued Proper Twenty-One the Policy, for which Proper Twenty-One paid premiums.

55. The Policy was a binding contract between Seneca and Proper Twenty-One that afforded Proper Twenty-One insurance under the terms and conditions of the Policy.

56. On March 16, 2020, the Mayor's Office in the District of Columbia issued Order 2020-048 that prohibited table seating at any restaurant or tavern in the District of Columbia beginning at 10:00 pm that night and that prohibition has continued in effect through the date of the filing of this Complaint and has issued an additional order that prohibited any gathering of ten or more persons.

57. On March 16, 2020 and continuing until and through the date of the filing of this Complaint, Proper Twenty-One has suffered the loss of Business Income and incurred Extra Expense covered under the Policy due to the ceasing and suspension of its operations caused by a “direct physical loss of” the business premises due to the Mayor’s March 16, 2020 Order.

58. The Policy’s coverage for Business Income does not require damage to property at premises.

59. Proper Twenty-One’s loss of Business Income is not otherwise excluded under the Policy.

60. Specifically, Twenty-One’s loss of Business Income was not “caused by or resulting from” a virus as its loss occurred as a result of the Mayor’s Order.

61. The Policy states that, “Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.”

62. Coverage under the Policy was further available under the Policy’s additional coverage for Civil Authority.

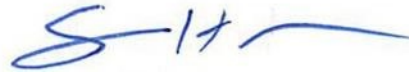
63. Seneca breached the Policy by denying coverage to Proper Twenty-One.

64. As a result of Seneca’s breach of the Policy, Proper Twenty-One suffered damage.

WHEREFORE, Proper Twenty-One respectfully requests that this Court declare that Proper Twenty-One’s loss is covered under the Policy and enter a judgment in its favor and against Seneca for the full amount owed under the Policy for its loss, together with attorneys’

fees, prejudgment and post-judgment interest thereon, and such other relief as the Court deems just and proper.

Respectfully submitted,



---

Andrew Kline, Esq. [358547]  
Scott H. Rome, Esq [476677]  
Christopher L. LaFon, Esq. [483740]  
Anna R. Margolis, Esq. [1043917]  
The Veritas Law Firm  
1225 19<sup>th</sup> Street, NW, Suite 320  
Washington, DC 20036  
Phone: (202) 686-7600  
*Counsel for Proper Twenty-One*