AG Maura Healey makes inquiry into insurance claim rejections for two Long Island shelters

By Beth Healy | Globe Staff February 18, 2015

Attorney General Maura Healey’s office is making an inquiry into insurance claim rejections for two drug treatment centers that had to shut down when Boston closed the Long Island bridge last fall.

Philadelphia Insurance Cos., a large insurer of social service agencies, rejected “business interruption” claims submitted by Victory Programs, which ran Joelyn’s Family Home, a 47-bed center for women who are trying to kick drugs and are often homeless. Philadelphia also rejected a similar claim filed by Bay Cove Human Services, whose Andrew House detox center on the island had served 100 people a week, or about 5,000 a year.

The Globe reported on the claim rejections Wednesday.

“We were very concerned when we read today’s story,” said Corey Welford, chief of staff for Healey. “We reached out to the organizations and are taking a look at the policy and the documentation to see if there’s any way that we can help.”

Both Victory Programs and Bay Cove said they had paid for insurance policies for many years to cover business interruptions. Philadelphia, in its rejection letters, said the claims were not covered because the bridge failed due to “wear and tear,” not from an accident such as a fire or collision.
A spokesman for Philadelphia had no immediate comment.

Michael Weekes, chief executive of the Providers’ Council, an association of social and human service groups in Massachusetts, said Philadelphia has had a long history insuring his members and of understanding their business needs.

“We are disappointed but also surprised at their decision to deny the claims for these organizations,” Weekes said Wednesday. “It puts some of our members in a very awkward position, since they had absolutely no control or responsibility for the condition of the bridge.”

He added, “These organizations are now in a very difficult financial situation.”

The scenario is similar to that faced by some businesses after the Boston Marathon bombings of 2013. In that case, the city of Boston shut down a section of Boylston Street because it was part of the crime scene. Many insurance claims for business interruption were rejected because the policies excluded acts of terrorism.

It’s unclear whether Healey’s staff will be able to identify an error in Philadelphia’s legal rationale for rejecting the claims. Matt Pritchard, chief operating officer for Victory Programs, said he had spoken with a member of the attorney general’s staff and would provide whatever documents are requested.

“We’re obviously extremely grateful for their interest in protecting the providers who are protecting our must vulnerable neighbors,” Pritchard said.

He said Victory Programs had considered pursuing litigation against Philadelphia but decided against it due to the expense.

“We had to decide whether we wanted to direct our resources there, or to our clients. who have a greater need than we’re capable of serving.”

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