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A4-6

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A3 | [UPDATES AT NEWSDAY.COM](#)



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A2

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LI jobless rate in June up to 12.9%

BY VICTOR OCASIO
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Long Island's unemployment rate ticked up slightly to 12.9% in June as jobless Islanders began re-entering the labor force in hopes of finding work, state data released Tuesday shows.

The June jobless rate inched up 0.6 percentage points from the 12.3% unemployment rate reported in May. By comparison, the Island's jobless rate in June last year was 3.4%.

By comparison, New York City reported a jobless rate of 20.4%.

Overall, the state reported a jobless rate of 15.6%, well above the nation's 11.2%.

Shital Patel, labor market analyst in the department's Hicksville office, said the increase was likely due to more out-of-work Long Islanders entering the labor force after not actively looking for work in May.

"In June, as Long Island was reopening and job prospects improved, more people were re-entering the labor force but hadn't yet found work, which led to a slight uptick in the monthly unemployment rate," Patel said.

"People who were on the sidelines because they didn't feel comfortable looking for work during the pandemic have re-entered the labor force," she said.

The jobless rate was 13% in Nassau County and 12.9% in Suffolk last month. The municipality with the highest unemployment rate was the Freeport Village, which reported a jobless rate of 16.4%. Second to Freeport, the villages of Hempstead and Valley Stream both

had a rate of 15.9%.

Steven Kent, economics professor at Molloy College and a former Goldman Sachs analyst, said that the month-over-month increase is not as concerning as the overall picture of unemployment on the Island.

Small increases or decreases on a month-to-month basis may be due to statistical volatility more than anything else.

"Sometimes there is month-to-month volatility in unemployment numbers, especially when we look into a very concentrated market" like Long Island, he said. "I'm not sure it shows any dramatic change in unemployment."

"To me the biggest issue is we are still above 12% unemployment in Nassau and Suffolk," Kent said. "That is a dramatic increase and one to be concerned about."

Rob Basso, chief executive of Associated Human Capital Management in Plainview, which handles payroll and HR functions for about 1,000 small and mid-size firms in the tristate area, said he was "surprised to see" that the rate had risen.

Basso said, based on what he has seen with the firms he serves, that employers are starting to hire again at rates comparable to the months before the pandemic.

"I go back to the hiring numbers and some of the conversations I've had with business owners outside of the hospitality industry. They're feeling a little more confident than they were 2 months ago," he said. "I don't think that this small statistical downturn is going to stunt our continued recovery."



Jeffrey Klein of Plainview-based Denny's, which has filed a lawsuit against Ohio Casualty Insurance Co.

Businesses suing insurers for losses during shutdown

BY MAURA MCDERMOTT
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The Plainview-based children's clothing chain Denny's is suing its insurance company in federal court, joining businesses across the country that are fighting for insurance payouts to cover their losses during the COVID-19 shutdown.

The retailer filed its lawsuit against the Ohio Casualty Insurance Co. last week in the Eastern District of New York, saying the insurer breached its contract when it refused to pay out on Denny's policy covering interruptions in business operations. A spokesman for the insurer's parent company, Liberty Mutual Insurance, said the company does not comment on litigation.

The case is one of hundreds of similar suits being filed on behalf of retailers, restaurants and other businesses across the country, said Woodbury-based Daniel Buttafuoco, the attorney representing Denny's.

Buttafuoco said his firm is collaborating with attorneys including Mark Freeley, also based in Woodbury, and the Philadelphia-based law firm of Golomb & Honik, on more than 1,000 cases. Buttafuoco said the cases will not become a class action, but attorneys will seek court approval to consolidate the cases into multi-district litigation that would streamline the process and make it easier for small businesses to join as plaintiffs.

The shutdowns imposed to stop the spread of the coronavirus caused "a major impact to the people who actually are the backbone of the American economy," Buttafuoco said. "I think probably in the case of diners, they're probably at about 20% of what they should be doing. How do you make a living? How do you pay your bills with that?"

Loretta Worters, a spokeswoman for the Manhattan-based Insurance Information Institute, a trade group, said most business interruption insurance policies — which replace lost revenues when a business cannot operate — exclude interruptions due to viruses and bacteria. Such restrictions were added after the 2002-2003 SARS outbreak, when insurers paid millions of dollars in business interruption claims.

After the SARS outbreak, Worters said, "The insurance companies recognized the widespread risk."

One insurance company did offer pandemic coverage, she said, but "it was expensive, and the reason it was expensive is because the risks are so high, so nobody wanted it."

Buttafuoco said the businesses' losses were caused by the government-ordered shutdowns so they should not be subject to the virus exclusions, and he said in some cases courts have found microscopic particles can cause physical damage of the sort that should be covered by such policies.

For Denny's, the COVID-19

shutdown came at the start of what would have been the busy season, said Jeffrey Klein, vice president of Denny's, whose offerings include clothing and gear for sleepaway camps.

"Being closed for our camp season has just been devastating to our business," Klein said. "From March through May, it's about half of my volume for the year, so losing that, it's awful."

Freeley, one of the attorneys working on the insurance lawsuits, said it will be a "tough battle" to get insurers to make payments on COVID-19 interruption claims. But, he said, "Hopefully the judges are going to see this as a consumer issue."

One of Freeley's clients, Dave Patel, who has owned Setauket Cards and Gifts in Suffolk County since 2009, said he was able to collect on his business interruption policy after superstorm Sandy, when the storm knocked out power in the area. Patel said he urgently wanted to serve his customers throughout the pandemic, and he even had masks available for sale when they were hard to come by, but the state-ordered shutdown prevented him from operating. "It was not the virus that shut us down," he said. "It was an executive order."

He said he suffered heavy losses this spring. Meanwhile, he said, his rent, taxes and insurance premiums continue to come due.

"It feels like the small businesses are bearing the brunt of all this," he said.

