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7th Circ. Backs $25K Cap On 'Business Property' Lost In Fire

By **Hope Patti**

Law360 (July 14, 2026, 4:02 PM EDT) -- A Chubb unit properly limited coverage to $25,000 for the contents of an Illinois mansion that was destroyed in a lightning-sparked fire, the Seventh Circuit ruled, saying the use of the contents for commercial purposes barred the owner from accessing a higher $3.5 million coverage limit.

An Illinois federal court correctly found that Chubb National Insurance Co. properly classified most of the contents in the mansion, Pine Manor, as "business property" under a homeowners policy issued to property owner Wesley Gibson, a three-judge panel held in an **opinion** Monday.

Notably, the policy's contents coverage section caps Chubb's coverage obligations at $25,000 for losses to business property, including furnishings, supplies and equipment, if the items are used to conduct the insured's business.

"While it's true that Gibson and his family were once the only people who enjoyed Pine Manor's furnishings, by 2019 (when the governing policy was in effect and the loss occurred) those furnishings were overwhelmingly used for business purposes," U.S. Circuit Judge Diane S. Sykes wrote for the court. "That resolves this case."

The 24,000-square-foot Pine Manor in Carbondale, Illinois, and all of its contents were destroyed in October 2019, when lightning struck the mansion and ignited a fire, according to court filings.

Gibson purchased the property in 1998 as a private vacation home for his family, eventually transforming it from a stand-alone mansion to a commercial lodging and events complex. Despite the transformation, the property continued to be insured under a residential homeowners policy, according to court filings.

Chubb, which began insuring the mansion in 2010, paid out the policy's $8.7 million limit for the dwelling after the fire. The insurer refused to tender the $3.5 million limit for the mansion's contents, which included expensive furniture, antiques and family heirlooms, and artwork from all over the world, because the property was used for commercial purposes.

According to court filings, the contents coverage generally excludes coverage for losses to property used to conduct the insured's business, except for certain business property that is covered up to $25,000. As such, the insurer paid only the $25,000 sublimit.

Gibson sued the insurer in February 2020, asserting claims for breach of contract, vexatious and unreasonable conduct in violation of the Illinois Insurance Code, and unfair or deceptive acts or practices in violation of the Illinois Consumer Fraud And Deceptive Trade Practices Act.

U.S. District Judge Elaine E. Bucklo granted partial summary judgment to Chubb in May 2022, finding that the insurer properly classified most of Pine Manor's contents, such as furnishings and decor, as business property. However, the judge allowed Gibson's claim for content coverage to proceed with respect to property that was kept in areas that were inaccessible to Pine Manor guests.

The parties later settled the remaining issues, and Gibson appealed the earlier summary judgment ruling, according to court filings.

The panel on Monday rejected Gibson's contention that "business property" only refers to traditional business assets, such as office furniture, saying such an argument ignores the definition of "business."

"The term 'business' is defined very broadly and extends well beyond commercial enterprises that operate in traditional office settings," Judge Sykes said, noting that it includes "'any activity' aimed at financial gain."

Because the definition does not limit the term to commercial enterprises that operate from traditional offices, "it follows that the term 'business property' is not limited to items found in traditional commercial office settings," the judge said.

The panel rejected the property owner's other proffered interpretations of the phrase "business property," saying they fail to give effect to the policy as a whole.

Additionally, the district court appropriately considered Gibson's use of Pine Manor to determine how he used the mansion's contents, the panel said.

Judge Sykes added that Gibson clearly used Pine Manor's contents to further his business.

"After all, décor and furnishings are the 'furniture,' 'supplies,' and 'equipment' of any lodging or rental business," the judge said. "Pine Manor was no exception: Its website promised guests a 'backdrop of fine art and artifacts from around the world.' And Gibson acknowledged that he kept his family heirlooms at Pine Manor because it was 'fun for people to see and use' them."

As for Gibson's statutory claims, the panel held that Chubb's conduct was neither vexatious nor unreasonable because the insurer's coverage determination was genuine and justified. Moreover, the insurer conducted a reasonable investigation into Gibson's claimed loss, the panel said.

Chubb's coverage determination was also based on the policy as written, and therefore not deceptive, the panel said.

Representatives of the parties did not immediately respond to requests for comment Tuesday.

U.S. Circuit Judges Diane S. Sykes, Amy J. St. Eve and Nancy L. Maldonado sat on the appeals panel.

Gibson is represented by Adrian Mendoza Jr. of Lillig & Thorsness and David B. Goodman of Goodman Law Group.

Chubb is represented by Jonathan L. Schwartz and Glenn A. Klinger of Freeman Mathis & Gary LLP and Jonathan D. Hacker and Rachel A. Chung of O'Melveny & Myers LLP.

The case is Gibson v. Chubb National Insurance Co., case number 25-1121, in the U.S. Court of Appeals for the Seventh Circuit.

--Editing by Abbie Sarfo.
