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**FOR IMMEDIATE RELEASE**

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**Court Rules that Insurer Cannot Benefit from a Policyholder's Bankruptcy**  
Gilbert LLP Wins Victory On Significant Issue In Favor of Asbestos Trust

**Washington, DC**—Today, the Washington, D.C.-based law firm Gilbert LLP announced that it had prevailed on an important issue on behalf of its client the ARTRA 524(g) Asbestos Trust when the United States District Court for the Northern District of Illinois ruled that an insurer's liability to the Trust is measured by the full value of each claim allowed by the Trust and not just the 7.5 cents on the dollar that the Trust can afford to pay. The court also held that the underlying insurance may be exhausted by the full value of each claim.

"This decision has major significance for bankrupt policyholders and trusts that are charged with collecting and distributing the debtor's insurance assets because it reaffirms the principle that insurers cannot benefit from a policyholder's bankruptcy or insolvency," said Mark Packman co-lead counsel and partner at Gilbert LLP. "The decision also is important because it is the first time that a federal court has applied that principle to a trust created by a bankruptcy plan of reorganization."

The ARTRA 524(g) Asbestos Trust is the successor to ARTRA Group, Inc., which manufactured products that contained asbestos. ARTRA filed for bankruptcy in 2002 and in 2007, the bankruptcy court approved a reorganization plan that transferred ARTRA's asbestos-related liabilities to the Trust. To pay for those liabilities, the Trust received assets from ARTRA, which included the right to proceeds from ARTRA's insurance policies. These assets were only sufficient to allow the Trust to pay 7.5 cents on the dollar to claimants who could provide proof of exposure to ARTRA's asbestos-containing products.

When the Trust sued Transport Insurance Company, one of ARTRA's insurers, Transport argued that it only had to indemnify the Trust for the 7.5 cents on the dollar for claims that it allowed. The Trust moved for summary judgment on this argument, citing a clause in the insurance policy that provides that the bankruptcy of the policyholder does not change the insurer's obligations and the Seventh Circuit's decision in *UNR Industries, Inc. v. Continental Casualty Company*. Although Transport argued that ARTRA had waived the Trust's right to rely on *UNR* in ARTRA's plan of reorganization, the district court rejected this argument.

"We are pleased with this decision," commented Mark Packman. It not only helps our client, but also sets an important precedent for future cases in which a bankruptcy trust must recover assets from the debtor's insurers." Gabriel Le Chevallier, also a Gilbert attorney, represented the Trust with Mr. Packman in the matter *ARTRA 524(g) Asbestos Trust v. Fairmont Premier Insurance Company, et al.*

**About Gilbert LLP**

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