

New York Court Issues Landmark Insurance Coverage Decision

May 8, 2007

The Supreme Court for New York County upheld today the claims of 20,000 individuals seeking insurance coverage from Continental Casualty Company ("CNA") for asbestos-related personal injuries. The decision broke new ground in the field of insurance recovery by establishing that aggregate limits in insurance policies do not apply to all claims that arise during the course of business operations.

At issue was whether CNA owed insurance coverage obligations under seventeen primary comprehensive general liability policies to a class of individuals with asbestos-related bodily injury claims pending against the insurer's policyholder, the Robert A. Keasbey Company ("Keasbey"). Now defunct, Keasbey installed asbestos-containing materials in powerhouses and other facilities in and around New York.

The policies in dispute contained aggregate limits for claims that came within the "products hazard," but no aggregate limits for claims that did not. Their claims were not barred by the aggregate limits in the policies because claims that arise out of exposure to asbestos during the installation process are considered "operations" claims, and are therefore not subject to aggregate limits.

This is a tremendous victory for policyholders who have been battling insurers for decades over asbestos coverage. "This is the first asbestos non-products coverage case resolved favorably against the insurers after a full trial on the merits."

About Kelley Drye & Warren's Insurance Recovery Practice

Kelley Drye's Insurance Recovery practice helps both businesses and individuals secure coverage and resolve coverage claims with insurance providers. The practice group exclusively represents corporate and individual policyholders and is focused on providing cost-effective and creative ways to resolve disputes and secure the proceeds to which policyholders are entitled through litigation, alternative dispute resolution and negotiation. The group is especially experienced in asbestos and lead-related insurance matters.