



CBA Annual Meeting

INSURANCE LAW AND BANKRUPTCY

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June 12, 2006



Building Insulation

- **Manufacturing and distributing insulation materials since the 1950's**
- **Many of these materials contain asbestos**

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The Relevant Insurance

CGL policies for 1976-1988

- **1976-1981 policies have \$1M limits**
- **1982-1988 policies have \$2M limits**

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The Relevant Insurance (cont.)

Excess policies for 1978-1983

- **Policies have \$5M limits**

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The Relevant Insurance (cont.)

D&O policy for 2005

- **Retroactive date of June 15, 2004**
- **\$5M limit with \$200k self insured retention**
- **“Part C” coverage which provides indemnity for claims brought directly against Building Insulation**
- **Does not contain an “insured vs. insured” exclusion**
- **Defense erodes policy limits**

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The Relevant Litigation

- **10,000 asbestos related bodily injury lawsuits naming Building Insulation as a defendant**

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The Relevant Litigation (cont.)

- **Three class action lawsuits against Building Insulation involving property damage caused by its asbestos products**

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The Relevant Litigation (cont.)

- **One property damage lawsuit by adjacent landowners alleging damage caused by improper disposal of hazardous materials at Building Insulation's plant**

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The Relevant Litigation (cont.)

- **One lawsuit brought by Building Insulation shareholders against the CEO and CFO, alleging misrepresentation of the company's financial condition in the 2004 annual report, and other claims of gross mismanagement**

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The Relevant Litigation (cont.)

- **A declaratory judgment action brought by Building Insulation's CGL carrier, seeking to disclaim coverage of the asbestos claims pursuant to the policies' pollution exclusions**

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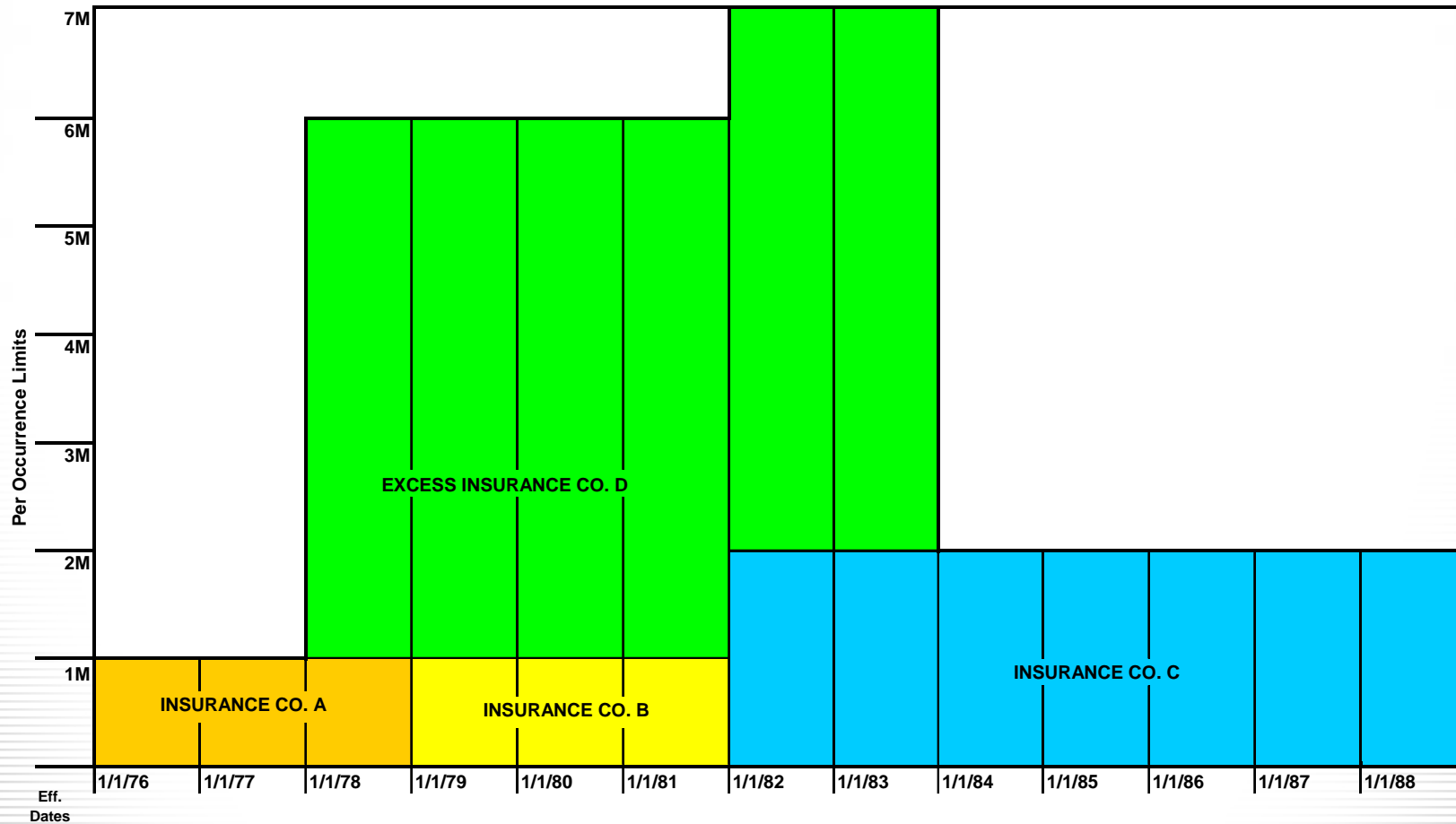
The Bankruptcy

- **Building Insulation files Chapter 11 reorganization in May, 2005**

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CGL Insurance Coverage Chart



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