

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

FILED
2017 MAY 11 AM 9:11

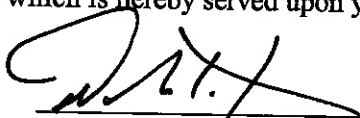
IN THE MATTER OF THE REHABILITATION)
OF CENTAUR INSURANCE COMPANY)
)

NO. : 87 CH 8615

NOTICE OF FILING

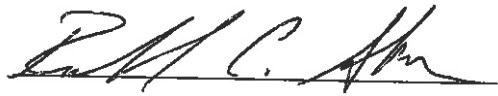
TO: See Attached Service List

YOU ARE HEREBY NOTIFIED that on May 11, 2017, Jennifer Hammer, Director of Insurance of the State of Illinois, as the statutory and court affirmed Rehabilitator of Centaur Insurance Company, filed with the Clerk of the Circuit Court of Cook County, Illinois, the attached Notice of Lodging of Proposed Settlement Agreement a copy of which is hereby served upon you.

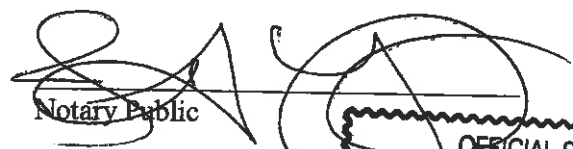

Counsel to the Receiver

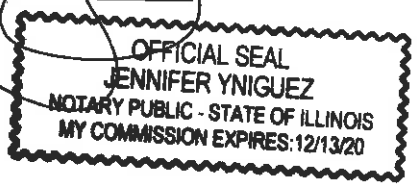
AFFIDAVIT OF SERVICE

I, Richard C. Abron, a non-attorney, on oath state, that I served a copy of the "Notice of Lodging of Proposed Settlement Agreement" to all persons on the attached service list by depositing the same in the U.S. Mail depository located at 222 Merchandise Mart Plaza, Chicago, Illinois, 60654 on May 11, 2017 with proper postage prepaid.



Subscribed and sworn to before me
this 11th day of May, 2017


Notary Public



J. Kevin Baldwin
Dale A. Coonrod
Counsel to the Receiver
Office of the Special Deputy Receiver
222 Merchandise Mart Plaza, Suite 960
Chicago, Illinois 60654
(312) 836-9500
Attorney Code #16819

SERVICE LIST

CENTAUR INSURANCE COMPANY
(Case No. 87 CH 08615)

Robert N. Hermes
Butler, Rubin, Saltarelli
& Boyd LLP
321 North Clark
Suite 400
Chicago, Illinois 60654

David E. Schoenfeld
Shook Hardy & Bacon L.L.P.
111 South Wacker Drive
Suite 5100
Chicago, Illinois 60606

COURTESY COPY TO:

Donald G. Frankel
Senior Counsel
Environmental Enforcement Section
Environmental and Natural Resources Division
U.S. Department of Justice
408 Atlantic Avenue, Second Floor
Boston, MA 02110

The Honorable Judge Sophia H. Hall
Room 2301
The Richard J. Daley Center
50 West Washington Street
Chicago, Illinois 60602

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANVERY DIVISION

FILED
2017 MAY 11 AM 9:6

IN THE MATTER OF REHABILITATION)
OF CENTAUR INSURANCE COMPANY) NO. 87 CH 8615

NOTICE OF LODGING OF PROPOSED SETTLEMENT AGREEMENT

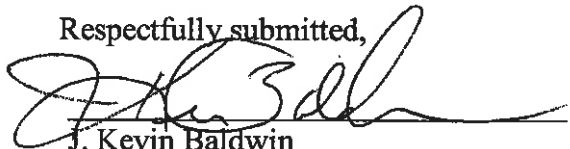
Jennifer Hammer, the Director of Insurance of the State of Illinois, in her capacity as the statutory and court-affirmed Rehabilitator (“Rehabilitator”) of Centaur Insurance Company (“Centaur”), hereby lodges with the Court the proposed Settlement Agreement (“Agreement”) attached hereto as Exhibit 1, which has been entered into by the Rehabilitator and the United States, on behalf of the United States Environmental Protection Agency.

The Centaur Insurance Company (“Centaur”) is an insurance company in rehabilitation under the jurisdiction of this Court. The United States has asserted claims on behalf of the United States Environmental Protection Agency (“EPA”) in the rehabilitation proceeding against Centaur in the amount of \$10 million under an insurance policy issued by Centaur to LCP Chemicals, Inc. (“LCP”) in 1982 (the “Policy”). The Policy is an Excess Umbrella Liability policy with a liability limit of \$10 million in excess of \$11 of underlying liability. The claims under the Policy are based upon the liability of LCP to EPA under the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), 42 U.S.C. § 9601 et seq., at three Superfund sites: the LCP Chemicals Site in Brunswick, Georgia (“Brunswick Site”), the Hanlin-Allied-Olin Superfund Site in Moundsville, West Virginia (“Moundsville Site”), and the LCP Chemicals, Inc. Superfund Site in Linden, New Jersey (“Linden Site”). Pursuant to the Agreement, the Rehabilitator will make a payment to EPA in the amount of \$8,750,000, which will be allocated as follows: \$2,916,667 with respect to the Brunswick Site,

\$2,916,667 with respect to the Moundville Site, and \$2,916,666 with respect to the Linden Site.

The Rehabilitator is not requesting that the Court approve the allowance of the claim or the proposed Agreement at this time. In accordance with Paragraphs 16 and 17 of the Agreement, the Agreement is subject to a public comment period and the United States has reserved the right to withdraw its consent if comments regarding the Agreement disclose facts or considerations which indicate that the Agreement is not in the public interest. Notice of the lodging of the Settlement Agreement will be shortly published in the Federal Register, following which the United States Department of Justice will accept public comments on the proposed Settlement Agreement for a thirty-day period. After the conclusion of the comment period, the United States will inform the Rehabilitator with respect to whether the United States has decided to go forward with the Agreement. If so, the Rehabilitator will file a motion recommending the allowance of the claim and approval of the Agreement.

Respectfully submitted,



J. Kevin Baldwin
General Counsel
Director of Receivership Operations
Office of the Special Deputy Receiver
222 Merchandise Mart Plaza, Suite 960
Chicago, Illinois 60654

J. Kevin Baldwin
Dale A. Coonrod
dcoonrod@osdchi.com
Counsel to the Receiver
222 Merchandise Mart Plaza, Suite 960
Chicago, Illinois 60654
(312) 836-9500
Attorney Code #16819

EXHIBIT 1

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

IN THE MATTER OF THE REHABILITATION)
OF CENTAUR INSURANCE COMPANY) NO. 87 CH 8615

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”), is hereby made by and entered into between Anne Melissa Dowling, Acting Director of Insurance of the State of Illinois, in her capacity as the statutory and court-affirmed Rehabilitator (“Rehabilitator”) of Centaur Insurance Company (“Centaur”), and the United States Environmental Protection Agency (“EPA”), acting by and through the U.S. Department of Justice (each a “Party” and collectively the “Parties”), concerning the EPA’s claims against Centaur under the excess umbrella liability policy that Centaur issued to LCP Chemicals & Plastics, Inc. (“LCP Chemicals”), Policy No. CML 101029, Policy Term: August 1, 1982 to August 1, 1983, Policy Limits: \$10,000,000 (the “LCP Policy”).

I. Background

1. On September 4, 1987, the Circuit Court of Cook County, Illinois (“Supervising Court”) entered an Agreed Order of Rehabilitation against Centaur (Case No. 87 CH 8615). That order appointed the Director of Insurance of the State of Illinois as the Rehabilitator of Centaur. Centaur is currently operating under a Second Revised Plan of Rehabilitation approved by the Supervising Court on December 8, 2000.

2. In accordance with the court-approved Plan of Rehabilitation, Revised Plan of Rehabilitation and Second Revised Plan of Rehabilitation, Centaur’s direct policy obligations asserted by policyholders, which were classified as level (d) and (e) claims, were paid as they came due, while general creditor obligations were fixed but not paid.

3. Under the Second Revised Plan of Rehabilitation, a bar date of March 30, 2001 was established by the Supervising Court for the presentation of claims, and a deadline of October 1, 2001 was established for the liquidation of contingent claims.

4. The adjudication and payment-in-full of priority level (d) and (e) claims filed on or before March 30, 2001 was completed in January 2011. During the course of the rehabilitation proceedings, \$131,143,500 in priority level (d) and (e) policyholder claims and defense obligations have been discharged.

5. On or about April 21, 2011, EPA notified the Rehabilitator that it had potential contingent claims under various insurance policies issued by Centaur to about 32 insureds who were liable under Section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), 42 U.S.C. § 9607, in connection with about 112 Superfund sites, and has since informed the Rehabilitator that the number of insureds and sites is in fact greater than the numbers set forth above. On or about June 30, 2013, EPA filed a proof of claim in the Centaur rehabilitation proceeding seeking coverage under the LCP Policy in connection with the liability of LCP Chemicals under Section 107 of CERCLA, 42 U.S.C. § 9607, at the LCP Chemicals Superfund Site located in Brunswick, Georgia (“Brunswick Claim”). The Supervising Court assigned claim number 14303 to the Brunswick Claim. On February 13, 2015, EPA informed the Rehabilitator that Centaur was also potentially liable under the LCP Policy in connection with the liability of LCP Chemicals under Section 107 of CERCLA at other Superfund sites including, without limitation, the Hanlin-Allied Olin Superfund Site in Moundsville, West Virginia and the LCP Chemicals, Inc. Site in Linden, New Jersey (collectively, with the Brunswick Claim, the “EPA LCP Claims”).

II. Claim Allowance and Covenant Not to Sue

6. The Rehabilitator and the EPA hereby agree to the final settlement of the EPA LCP Claims against Centaur, as provided in Paragraphs 9-15 of this Agreement, and to recommend the EPA LCP Claims for allowance in the total amount of Eight Million Seven Hundred Fifty Thousand Dollars (\$8,750,000) pursuant to, and in accordance with, Section 209 of the Illinois Insurance Code Section, 215 ILCS 5/209, subject to the approval of the Supervising Court. Centaur will classify and recommend the allowance of the EPA LCP Claims to the Supervising Court at statutory level (f) of the Illinois priorities of distribution statute, 215 ILCS 5/205(1)(f). If the Supervising Court grants such approval, the EPA LCP Claims shall be allowed and fixed in said amount for purposes of participating in any distribution of Centaur's estate assets at statutory priority level (f), 215 ILCS 5/205(1)(f). The United States does not object to the classification of the EPA LCP Claims at statutory priority level (f); provided, however, that the United States and EPA do not waive, and hereby reserve, the right to assert a different priority classification with respect to other federal claims against Centaur and federal claims in other insurance receiverships.

7. Of the total allowed amount of \$8,750,000, \$2,916,667 shall be with respect to the liability of LCP Chemicals at the LCP Chemicals Superfund Site in Brunswick, GA, \$2,916,667 shall be with respect to the liability of LCP Chemicals at the Hanlin-Allied-Olin Superfund Site in Moundsville, West Virginia, and \$2,916,666 shall be with respect to the liability of LCP Chemicals at the LCP Chemicals, Inc. Superfund Site in Linden, New Jersey (collectively the three sites are referred to herein as the "Sites"). With respect to the allowed amounts for each of the Sites, EPA shall deposit all cash distributions it receives for such Site into such Site's corresponding special account established by EPA within the Hazardous Substance Superfund

pursuant to Section 122(b)(3), 42 U.S.C. § 9622(b)(3), to be retained and used to conduct or finance response actions at or in connection with such Site, or to be transferred to the Hazardous Substance Superfund. Only the amount of cash received by EPA pursuant to this Agreement with respect to the allowed claim amount for each Site, and not the total amount of the allowed claim (if the allowed claim is more than the amount of cash received), shall be credited as a recovery by EPA for the particular Site, which credit shall reduce the liability of the potentially responsible parties for the Site by the amount of the credit in accordance with Section 113(f)(2) of CERCLA, 42 U.S.C. § 9613(f)(2).

8. Cash distributions to the United States pursuant to this Settlement Agreement shall be made at <https://www.pay.gov> or by FedWire Electronic Funds Transfer in accordance with instructions, including a Consolidated Debt Collection System (“CDCS”) number, to be provided to the Rehabilitator by the United States Attorney’s Office for the Northern District of Illinois. At the time of any cash distribution pursuant to this Agreement, the Rehabilitator shall transmit written confirmation of such distribution to the United States at the addresses specified below, and email confirmation of such distribution to the EPA Cincinnati Finance Office at cinwd_acctsreceivable@epa.gov, with a reference to DOJ Case Number 90-11-3-10462 and the following Site/Spill ID Numbers for each of the three Sites: Brunswick Site: 04M7, Moundsville Site: 04M7, and Linden Site: 02HU:

Chief, Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
Washington, DC 20044
Ref. DOJ File No. 90-11-3-10462

Barbara Gutierrez
Attorney-Advisor
United States Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460
Mailcode: 2272A

9. In consideration of the execution of this Agreement and the approval by the Supervising Court, the United States, on behalf of EPA, covenants not to file a civil action against the Rehabilitator or Centaur with respect to all liabilities and obligations to EPA under the LCP Policy arising pursuant to CERCLA, whether such liabilities and obligations are known or unknown, reported or unreported, and whether currently existing or arising in the future. As used in this paragraph, the terms Rehabilitator and Centaur shall include their respective subsidiaries, affiliates, parent companies, successors and assigns and their respective officers, directors and employees.

10. The United States specifically reserves, and this Agreement, including the provisions of Paragraph 9, is without prejudice to (a) any action seeking to impose criminal liability, (b) any action based on the failure to meet a requirement of this Agreement, (c) any claim, including any EPA claim, based on any insurance policy other than the LCP Policy, (d) any claim of EPA, under the LCP Policy, based on the liability of LCP under any statute other than CERCLA, and (d) any claim of any federal agency or department, other than EPA, under the LCP Policy.

11. The covenant set forth in Paragraph 9 extends only to the persons set forth in Paragraph 9 and does not extend to any other person. The United States expressly reserves all claims, demands, and causes of action, either judicial or administrative, past, present, or future, in law or equity, which it may have against all other persons, firms, corporations, or entities for any matter arising at or relating in any manner to the Sites or claims addressed herein. Further,

nothing in this Agreement diminishes the right of the United States, pursuant to Section 113(f)(2) of CERCLA, 42 U.S.C. § 9613(f)(2), to enter into any settlement that gives rise to contribution protection for any person not a Party to this Agreement. This Agreement resolves the liability of LCP Chemicals, within the meaning of Section 113(f) of CERCLA, 42 U.S.C. § 9613(f), for response costs at the Sites to the extent of the cash recovery from the LCP Policy under this Agreement with respect to each Site.

12. In consideration of the execution of this Agreement and the approval by the Supervising Court, the Rehabilitator covenants not to sue the United States, or any department or agency thereof, with respect to any liabilities and obligations to EPA under the LCP Policy, whether such liabilities and obligations are known or unknown, reported or unreported, and whether currently existing or arising in the future, including, but not limited to, (a) any direct or indirect claim for reimbursement from the Hazardous Substance Superfund established pursuant to 26 U.S.C. § 9507, (b) any claim under Sections 107 or 113 of CERCLA, 42 U.S.C. §§ 9607 or 9613, (c) any claims arising out of response activities at any of the Sites, and (d) any claim to recover all or any part of the settlement amount set forth in Paragraph 6 of this Agreement.

13. Upon execution of this Agreement, and after approval of this Agreement by the Supervising Court, the EPA LCP Claims shall be fully resolved and terminated, with prejudice, with each Party bearing its own costs and fees in connection with the EPA LCP Claims and the negotiation and performance of this Agreement.

III. Remedies

14. In the event of a breach of this Agreement, the Parties to this Agreement shall have all rights and remedies available at common law.

15. This Agreement shall be governed by the laws of the State of Illinois with respect to any dispute arising under this Agreement between the Parties, without regard to conflict of laws principles.

IV. Court Approval

16. This Agreement shall be subject to a period of public comment following publication of notice of this Agreement in the Federal Register. The United States reserves the right to withdraw or withhold its consent if the comments regarding this Agreement disclose facts or considerations which indicate that the Agreement is not in the public interest. After the conclusion of the public comment period, the United States will notify the Rehabilitator as to whether or not it is going forward with the Agreement.

17. The Rehabilitator shall recommend the allowance of the EPA LCP Claims for approval to the Supervising Court, with notice to any affected reinsurers of Centaur, in accordance with the provisions of this Agreement within 30 days of being informed by the United States that it is going forward with the Agreement. If the Supervising Court approves the Rehabilitator's recommendation and enters a final order thereon, the Rehabilitator shall pay EPA the full amount set forth above, (\$8,750,000.00), within 30 days of entry of the final order. In connection with the foregoing payment, the United States and the EPA hereby agree that the payment will not constitute a preferential payment with respect to any other claims, both known and unknown, of the United States or any of its agencies, including the EPA, and hereby covenant not to sue or pursue any action or claim(s), including claims under 31 U.S.C. §3713, against the Rehabilitator or Centaur, or any of their successors or agents, in the event that any claims that may arise or be settled in the future are not paid in full due to insufficient assets in the Centaur estate as a result of the foregoing payment or in the event that any such claims are not

paid in full due to an insufficient amount of potential liability remaining under the LCP Policy as a result of the foregoing payment.

18. If for any reason (a) the Agreement is withdrawn or consent is withheld by the United States as provided in Paragraph 16, or (b) the Agreement is not approved by the Supervising Court: (i) this Agreement shall be null and void, and the Parties hereto shall not be bound under the Agreement or under any documents executed in connection herewith; (ii) the Parties shall have no liability to one another arising out of or in connection with this Agreement or under any documents executed in connection herewith; and (iii) this Agreement and any documents prepared in connection herewith shall have no residual or probative effect or value.

V. General

19. The Rehabilitator and EPA further acknowledge that this Agreement is made solely for the consideration specified herein, without reliance on any statement, warranties, or representations by the Rehabilitator, her duly appointed agents or representatives, Centaur, its agents or representatives, or by the EPA or its agents or representatives, other than any representations and warranties contained herein.

20. The Parties understand and agree that this Agreement is a compromise in settlement of disputed liabilities, obligations and claims under the LCP Policy.

21. This Agreement shall constitute the entire agreement between the Parties and may not be altered, amended, modified or otherwise changed in any respect or particular whatsoever, except by written amendment duly executed by an authorized representative of each of the Parties. Material modifications shall be subject to the approval of the Supervising Court.

22. The recommended claim allowance made by this Agreement shall constitute a valuation of the EPA LCP Claims against LCP Chemicals and Centaur as set forth herein, and

shall be binding upon the EPA, the Acting Director of Insurance, as Rehabilitator, and Centaur, as to the amount and valuation of the EPA LCP Claims.

23. This Agreement may be executed and delivered in multiple counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute one and the same instrument and agreement.

24. All notices, demands, accountings or other communications that any Party desires or is required to give to any other Party shall be given in writing by U.S. mail, overnight delivery or email. All such communications shall be sent to the individuals noted below or to such other individual(s) as a Party may designate in writing from time to time.

(a) If to the EPA:

Donald G. Frankel
Senior Counsel
U.S. Department of Justice
Environmental Enforcement Section
Environmental and Natural Resources Division
408 Atlantic Avenue
Second Floor
Boston, MA 02110
donald.frankel@usdoj.gov

With a copy to:

Barbara Gutierrez
Attorney-Advisor
United States Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460
gutierrez.barbara@epa.gov

(b) If to Centaur:

Dale A. Coonrod
Deputy General Counsel
Office of the Special Deputy Receiver
222 Merchandise Mart Plaza, Suite 960
Chicago, IL 60654
dcoonrod@osdchi.com


With a copy to:

Brian T. Statter
General Adjuster
Office of the Special Deputy Receiver
222 Merchandise Mart Plaza, Suite 960
Chicago, IL 60654
bstatter@osdchi.com


25. This Agreement was reviewed and approved by counsel for both Parties and the language of all parts of this Agreement shall in all cases be construed as a whole according to their meaning and not strictly for or against either of the Parties.

IN WITNESS WHEREOF, the Acting Director of Insurance of the State of Illinois, as Rehabilitator of Centaur Insurance Company and on behalf of Centaur, and the EPA execute this Agreement by their duly authorized officers or representatives.

UNITED STATES OF AMERICA

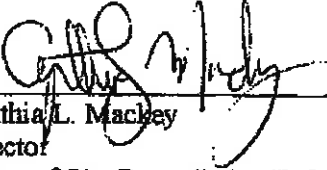
By: 
Thomas Mariani
Section Chief
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice

Date: 04-20-2017

By: 
Donald G. Frankel
Senior Counsel
Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
408 Atlantic Avenue
Second Floor
Boston, MA 02110

Date: 5/9/17

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

By: 

Cynthia L. Mackey
Director
Office of Site Remediation Enforcement
United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

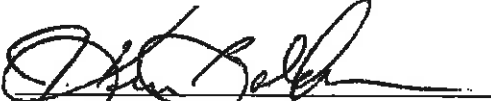
Date: 9/16/2016

By: 

Barbara Gutierrez
Attorney Advisor
Office of Enforcement and Compliance Assurance
United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Date: 9-5-2016

ANNE MELISSA DOWLING
ACTING DIRECTOR OF INSURANCE OF THE STATE OF ILLINOIS
AS REHABILITATOR OF CENTAUR INSURANCE COMPANY

By: 

J/ Kevin Baldwin
General Counsel
Director of Receivership Operations
Office of the Special Deputy Receiver
222 Merchandise Mart Plaza, Suite 960
Chicago, Illinois 60654

Date: 8-30-2016