

Reuters: Liberty must cover entire asbestos settlement with defunct company

Liberty Mutual must pay the entire amount of an asbestos settlement it negotiated on behalf of a defunct New Jersey valve manufacturer it once insured, a New York judge has ruled, rejecting its bid to reduce its liability on the grounds that it did not provide coverage for the whole time period at issue.

Justice Arthur Engoron of New York Supreme Court in Manhattan ruled that so-called pro rata allocation of liability only applies between insurers and policyholders. Since the policyholder, Jenkins Bros, had been dissolved in 2004 and there were no other insurers to share liability, he found, Liberty could not rely on pro rata allocation to reduce its payment to the asbestos victims.

"I think it's a fantastic result," said Kenneth Frenchman of Cohen Ziffer Frenchman & McKenna, a lawyer for the asbestos victims. "Liberty Mutual was attempting to apply the doctrine of pro rate allocation in a situation where it frankly has no place. You shouldn't be permitted to allocate liability to the tort victim himself, and I was very pleased that (Justice) Engoron recognized that inequity and ruled in favor of justice."

While the case involved only a handful of victims and less than \$400,000, Frenchman said, it could affect the outcome of many more asbestos cases against Jenkins that Liberty is defending, as well as asbestos cases against other defunct companies.

For the asbestos plaintiffs: Kenneth Frenchman, Robin Cohen and Alexander Sugzda of Cohen Ziffer Frenchman & McKenna

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