

Insurance Group Of The Year: Blank Rome

By Jeff Sistrunk

Law360 (January 31, 2020, 3:55 PM EST) -- Blank Rome LLP's insurance recovery practice secured \$26 million in coverage for a bankrupt Catholic diocese in Minnesota facing more than 100 sexual abuse lawsuits, landing it a spot among Law360's 2019 Insurance Groups of the Year.

The head of the practice group, James R. Murray, said the group's 30 attorneys tackle cutting-edge insurance coverage issues by coordinating efforts across the firm's many offices nationwide.

"We are a truly national practice," Murray said. "I have never once had a case where at least one person from another office wasn't on it. All of our work from the past year highlights that."

Blank Rome's insurance recovery group has been at the forefront of religious institutions' efforts to obtain coverage for suits alleging sexual abuse by clergy, as a wave of new state laws have extended the windows for filing such claims.

In one such case, the group served as insurance coverage counsel for the bankrupt Catholic Diocese of New Ulm, Minnesota, which had been hit with 101 sexual abuse actions following the enactment in 2013 of a state law creating a three-year window for victims to file abuse claims that would have otherwise been barred by the applicable statute of limitations.

The Blank Rome team filed an adversary proceeding in the Diocese of New Ulm's bankruptcy case to seek coverage under a slew of insurance policies it obtained in the 1950s through the 1970s, when many of the victims said they were abused by priests. Following a series of mediation sessions, the diocese and its insurance carriers entered into a \$34 million global settlement with the victims last summer, with the insurers contributing \$26 million and the diocese picking up the remainder.

"These cases often involve potential exposure in the hundreds of millions of dollars, so the stakes are high," Murray said. "We are proud of our work on matters such as this one, where we are able to obtain large recoveries. It was a remarkable achievement for those 101 victims of abuse in this particular diocese."

The practice group is also serving as coverage counsel for a number of other Catholic organizations facing sexual abuse allegations, including the Archdiocese of Agana in Guam, the Archdiocese of Santa Fe, New Mexico, and five out of the eight dioceses in New York.



In New York, a multifaceted law that **took effect** in August opened the floodgates for the filing of abuse claims that previously would have been time-barred.

Murray said the widespread legal battles regarding insurance for sexual abuse claims are analogous to long-running cases that many companies have been fighting over coverage for asbestos personal injury claims and environmental cleanup actions.

"This really does appear to be the new asbestos or Superfund trend in terms of the volume of cases coming out," he said. "Perhaps the best example of that is the flood of cases following the passage of the New York window statute. Representing five of the eight Catholic dioceses in the state, we are at the forefront of that."

The practice group has also recently tackled several other thorny coverage issues in high-stakes litigation around the country.

In New York, for instance, a Blank Rome team is representing fragrances and flavors manufacturer Citrus and Allied Essences Ltd. in two suits against its insurance companies over coverage for defense and settlement costs it has incurred in 250 claims brought by individuals alleging they developed lung disease after consuming the company's butter flavoring.

In one of the cases, Continental Casualty Co. v. Citrus and Allied Essences Ltd., more than a dozen of the manufacturer's insurers are seeking rulings regarding the proper allocation of coverage liabilities for policies issued over a 30-year span. In the other, one of Citrus and Allied's insurers, Arch Specialty Insurance Co., asserted separate defenses to coverage. According to Blank Rome, the cases involve a number of issues of first impression in New York state regarding the trigger of coverage for and allocation of mass tort claims.

In July, the Blank Rome team negotiated a confidential settlement resolving Arch Specialty Insurance's suit, contingent on the resolution of the Continental Casualty action. The team is continuing settlement talks with the insurers in the Continental case, according to the firm.

And in another matter involving novel coverage issues, members of the Blank Rome group represented former Cincinnati Bengals linebacker Malik Jefferson in his pursuit of coverage under a "loss of value" policy. Loss of value insurance covers collegiate and professional athletes against losses of earnings that may result from serious injuries.

Jefferson's insurers initially sued in Ohio in March seeking a ruling that the policy didn't cover the claim. After Jefferson filed a competing suit in Texas federal court in July rebutting the insurers' positions, the parties entered confidential mediation and reached a resolution, according to the firm.

The practice group's vice chair, Linda Kornfeld, attributed the group's success to a spirit of collaboration among the attorneys, many of whom had extensive experience working together at other firms before joining Blank Rome.

"It has been great fun for us to have joined such a collaborative group of brilliant coverage lawyers with talent at every generation," Kornfeld said.

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