

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF OHIO

IN RE: \*  
INSUL COMPANY, INC., \* CASE NUMBER 02-43909  
Debtor. \* CHAPTER 7  
\* HONORABLE KAY WOODS  
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ORDER AUTHORIZING ABANDONMENT OF PROPERTY  
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This matter is before the Court on the Chapter 7 Trustee's Notice of Proposed Abandonment (the "Trustee's Notice") and the responses and objections (collectively, the "Objections") thereto, filed by (i) Asbestos Claimants Represented by Goldberg, Persky & White; Baron & Budd and Silber Pearlman LLP; Bevan Associates, LPA; Climaco, Lefkowitz, Peca, Wilcox & Garofoli; Kelley & Ferraro, LLP; and R. G. Taylor II, P.C. (collectively, the "Asbestos Claimants"); (ii) Travelers Insurance Co. ("Travelers"); (iii) Commercial Union Insurance Company; (iv) Cincinnati Insurance Company, Fireman's Fund Insurance Company, U.S. Fire Insurance Company, Crum & Forster Indemnity Company, Zurich American Insurance Company, as successor-in-interest to Zurich Insurance Co., (together with Cincinnati Insurance Company the "Excess Insurance Carriers"), as well as the Trustee's responses to the Objections. A hearing was held May 3, 2005, commencing at 2:00 p.m.

The Trustee seeks to abandon all insurance policies of

the debtor including, but not limited to, the policies with Travelers and Travelers' offer to purchase its policies, and all insurance policies with the Excess Insurance Carriers (collectively, the "Policies"). At the hearing, counsel for Fireman's Fund Insurance Company requested the Court not to rule on the Trustee's Notice for a period of forty-five days to provide additional time for the parties to attempt to resolve their differences. The Asbestos Claimants did not dispute the Trustee's right to abandon the Policies, but urged that the Case should be dismissed rather than closed. Travelers and the Excess Insurance Carriers urged this Court to ask the United States Trustee to replace Mr. Suhar as trustee on the basis that they believed Mr. Suhar had "lost interest" in the case.

Based on the pleadings, the arguments of counsel and the entire record of this case, this Court FINDS:

1. This Chapter 7 case was filed on September 4, 2002 (the "Petition Date") and has been pending for more than two and one-half years with Andrew W. Suhar appointed as the Chapter 7 Trustee (the "Trustee").
2. As of the Petition Date, there were more than 30,000 claims and/or lawsuits pending against the Debtor for damages relating to exposure to asbestos and/or asbestos containing products (the "Asbestos Lawsuits").
3. Because the Debtor's assets had been sold pre-petition,

but were insufficient to satisfy the secured claims against the assets, the primary purpose of the Chapter 7 case was to provide a mechanism for distribution to the plaintiffs in the Asbestos Lawsuits.

4. This Chapter 7 case is a No Asset Case and the Trustee has no assets to administer the case or any claims therein.
5. Debtor's primary insurance coverage was through Travelers and, as of the Petition Date, Travelers was defending Debtor in various Asbestos Lawsuits.
6. There was and continues to be a dispute between Debtor/Trustee and various of the Excess Insurance Carriers about the amount of insurance coverage at issue and the existence of policies for certain years and/or issued by certain carriers, and although the Excess Insurance Carriers assert that the Policies have value to the Estate, they simul-taneously insist that they have defenses to the Trustee's claims regarding the existence of certain policies and the amount of coverage.
7. The Trustee filed an adversary proceeding on May 25, 2004, Case No. 04-04100 (the "Adversary Proceeding"), against Travelers, the Excess Insurance Carriers and forty-eight lawyers and/or law firms that represent

"Approximately 36,297 Asbestos Claimants" seeking to resolve various disputes concerning applicable insurance coverage for the Asbestos Lawsuits.

8. The Trustee and Travelers entered into an Agreement of Settlement, Compromise and Release (the "Travelers Settlement") that (i) included a condition precedent that this Court enter a final order pursuant to § 105 of the Bankruptcy Code, 11 U.S.C. § 105, "permanently and forever staying, restraining, and enjoining any and all persons from taking any action against Travelers" regarding Debtor's insurance policies as they relate to the Asbestos Lawsuits; and (ii) provided for Travelers to purchase the policies it had issued to Debtor for approximately \$2.5 million.
9. On July 21, 2004, the Trustee filed a motion to compromise controversy in the Adversary Proceeding, seeking approval of the Travelers Settlement, but the motion was not noticed for hearing.
10. As a result of the disputes between the Trustee and the Estate's insurance carriers, the Policies represent only potential assets, of an unknown value, to the Estate.
11. All parties to the Adversary Proceeding ignored the Court's Case Management Order and failed to conduct any discovery or move the Adversary Proceeding forward.

Additional time would constitute further delay.

12. Pursuant to a notice of bar date, almost 9,000 claims have been received in this Chapter 7 case, which cannot be administered by the Court or the Clerk's office because of the volume and for which the Trustee will be required to engage a claims administrator.
13. Cost of adjusting the approximately 36,000 asbestos claims (at an estimated cost of \$65 per claim) equals approximately \$2.4 million, which would effectively deplete any proceeds the Trustee might receive from the Travelers Settlement without providing any distribution to the Asbestos Claimants.
14. The Trustee has conducted a thorough and complete investigation of the Policies, the Debtor has fully cooperated in such investigation, and the Trustee has concluded that the Policies are burdensome to the Estate and of inconsequential value and benefit to the Chapter 7 Estate.
15. There is no basis to dismiss this Chapter 7 case since the Debtor and the Trustee have fulfilled all of their obligations, as required by the Bankruptcy Code.
16. There is no basis to relieve Mr. Suhar from his duties as Trustee and ask for the appointment of another trustee since the Estate, being a no asset estate, has no money

or other assets with which to compensate a trustee or to employ other professionals, including attorneys and a claims administrator, to administer the Estate.

17. The Policies are burdensome and are of inconsequential value and benefit to the Chapter 7 Estate, as set forth in Bankruptcy Code § 554(a), 11 U.S.C. § 554(a).

Based on these FINDINGS, the Court ORDERS:

1. The Objections are all overruled.
2. The Trustee is authorized, pursuant to Bankruptcy Code § 554(a), to abandon the Policies as burdensome to the Estate and of inconsequential value and benefit to the Estate.
3. The Policies are hereby abandoned by the Trustee and are no longer property of the Estate.
4. The Trustee is authorized to take any action necessary to dismiss the Adversary Proceeding and to otherwise close the Chapter 7 case.
5. This Court retains jurisdiction of any disputes regarding the interpretation or enforcement of this Order.

**IT IS SO ORDERED.**

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**HONORABLE KAY WOODS  
UNITED STATES BANKRUPTCY JUDGE**

