

Transamerica Corporation—Complete victory in dispute with former subsidiary over \$1.5 billion in insurance coverage

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Complete victory in the defense of Transamerica Corporation in a dispute with a former subsidiary (IMO Industries) regarding \$1.5 billion in insurance coverage. Transamerica had purchased insurance for itself and its subsidiaries as part of a consolidated risk management approach. After a six-month trial, the court ruled in Transamerica's favor on all claims against it, entering declaratory judgment that Transamerica's decades-old divestiture agreement left its former subsidiary liable for its own asbestos losses. The court rejected that Transamerica was responsible for deductibles, retentions or gaps in insurance coverage or was effectively transformed into a "de facto" insurer because of its risk management efforts. The Appellate Division upheld all of the trial court's rulings and the New Jersey Supreme Court affirmed and ordered costs be paid in Transamerica's favor.