Pioneer Metals Finishing Superfund Site: California Insurance Commissioner (As Liquidator of Western Employers Insurance Company) and U.S. EPA Enter into Settlement Agreement

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The United States Department of Justice ("DOJ") announced in a February 1st Federal Register Notice a Settlement Agreement ("Settlement Agreement") involving the Comprehensive Environmental Response, Compensation, and Liability Act ("Superfund") between the Insurance Commissioner of the State of California ("Commissioner"), in its capacity as Liquidator of the Western Employers Insurance Company ("WEIC") and the United States Environmental Protection Agency ("EPA"). See 86 Fed. Reg. 7746.

The Settlement Agreement involves the Pioneer Metals Finishing ("Pioneer Metals") Superfund Site ("Superfund Site") in Franklinville, New Jersey.

EPA had filed a proof of claim pursuant to Section 107 of Superfund against WEIC involving the insured Pioneer Metals related to the Pioneer Metals Superfund Site. This proof of claim is stated to have arisen against WEIC from policies of insurance that the insurance company had issued to Pioneers Metals based on alleged liability for contamination at the Superfund Site.

The Settlement Agreement provides that WEIC will pay $1.2 million to EPA. EPA in turn covenants not to file a civil action against the Commissioner with respect to all liabilities and obligations to Pioneer Metals or EPA arising under policies issued by WEIC to Pioneer Metals. The Settlement Agreement provides this is the case whether such liabilities and obligations are known or unknown, reported or unreported, and whether currently existing or arising in the future.

The Settlement Agreement is subject to court approval.

A copy of the Settlement Agreement can be downloaded here.