

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS
 CENTURY INDEMNITY COMPANY, as successor to CCI INSURANCE COMPANY, as successor to INSURANCE COMPANY OF NORTH AMERICA

DEFENDANTS
 MUNICH REINSURANCE AMERICA, INC., as successor to AMERICAN RE-INSURANCE COMPANY

(b) County of Residence of First Listed Plaintiff **PHILADELPHIA**
 (EXCEPT IN U.S. PLAINTIFF CASES)

County of Residence of First Listed Defendant **MERCER**
 (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

(c) Attorney's (Firm Name, Address, and Telephone Number)
 Ronald P. Schiller
 Jennifer L. Corry
 DLA Piper LLP (US)
 One Liberty Place
 1650 Market St., Suite 4900
 Philadelphia, PA 19103

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- (For Diversity Cases Only)
- | | | | | | |
|---|------------------------------|------------------------------|---|---|---------------------------------------|
| Citizen of This State | <input type="checkbox"/> PTF | <input type="checkbox"/> DEF | Incorporated or Principal Place of Business In This State | <input checked="" type="checkbox"/> PTF | <input type="checkbox"/> DEF |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input checked="" type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES								
<input checked="" type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<table border="0" style="width: 100%;"> <tr> <th style="width: 50%;">PERSONAL INJURY</th> <th style="width: 50%;">PERSONAL INJURY</th> </tr> <tr> <td> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury </td> <td> <input type="checkbox"/> 362 Personal Injury—Med. Malpractice <input type="checkbox"/> 365 Personal Injury — Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability </td> </tr> <tr> <th colspan="2">PERSONAL PROPERTY</th> </tr> <tr> <td> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability </td> <td> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability </td> </tr> </table>	PERSONAL INJURY	PERSONAL INJURY	<input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 362 Personal Injury—Med. Malpractice <input type="checkbox"/> 365 Personal Injury — Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability 	PERSONAL PROPERTY		<input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
PERSONAL INJURY	PERSONAL INJURY											
<input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 362 Personal Injury—Med. Malpractice <input type="checkbox"/> 365 Personal Injury — Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability 											
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REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS	LABOR	SOCIAL SECURITY								
<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	<input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g))								
			IMMIGRATION	FEDERAL TAX SUITS								
			<input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus - Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609								

V. ORIGIN (Place an "X" in One Box Only)

<input checked="" type="checkbox"/> 1 Original Proceeding	<input type="checkbox"/> 2 Removed from State Court	<input type="checkbox"/> 3 Remanded from Appellate Court	<input type="checkbox"/> 4 Reinstated or Reopened	<input type="checkbox"/> 5 Transferred from another district (specify)	<input type="checkbox"/> 6 Multidistrict Litigation	<input type="checkbox"/> 7 Appeal to District Judge from Magistrate Judgment
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VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

Brief description of cause:
BREACH OF A REINSURANCE CONTRACT, SEEKING DAMAGES AND DECLARATORY RELIEF UNDER 28 U.S.C. § 2201

VII. REQUESTED IN COMPLAINT: CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 DEMAND \$2,258,696.00

CHECK YES only if demanded in complaint:
JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY (See instructions): JUDGE _____ DOCKET NUMBER _____

DATE: 12/5/08 SIGNATURE OF ATTORNEY OF RECORD: 

SUMMONS IN A CIVIL ACTION

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

CENTURY INDEMNITY COMPANY, as successor to CCI
INSURANCE COMPANY, as successor to INSURANCE
COMPANY OF NORTH AMERICA

v.

MUNICH REINSURANCE AMERICA, INC., as successor to
AMERICAN RE-INSURANCE COMPANY

CIVIL ACTION NO.

TO: (NAME AND ADDRESS OF
DEFENDANT)

Munich Reinsurance America Corp
555 College Road East
Princeton, NJ 08543

YOU ARE HEREBY SUMMONED and required to serve upon

Plaintiff's Attorney (Name and Address)

Ronald P. Schiller
DLA Piper LLP (US)
1650 Market St., Suite 4900
Philadelphia, PA 19103-7300

an answer to the complaint which is herewith served upon you, within 20 days after service of this summons upon you, exclusive of the day of service. If you fail to do so, judgment by default will be taken against you for the relief demanded in the complaint.

Michael E. Kunz, Clerk of Court

Date:

(By) Deputy Clerk

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

CASE MANAGEMENT TRACK DESIGNATION FORM

Century Indemnity Company, as successor to CCI Insurance Company, as successor to Insurance Company of North America v. Munich Reinsurance America, Inc., as successor to American Re-Insurance Company	: : : : : : :	CIVIL ACTION NO.
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In accordance with the Civil Justice Expense and Delay Reduction Plan of this court, counsel for plaintiff shall complete a case Management Track Designation Form in all civil cases at the time of filing the complaint and serve a copy on all defendants. (See § 1:03 of the plan set forth on the reverse side of this form.) In the event that a defendant does not agree with the plaintiff regarding said designation, that defendant shall, with its first appearance, submit to the clerk of court and serve on the plaintiff and all other parties, a case management track designation form specifying the track to which that defendant believes the case should be assigned.

SELECT ONE OF THE FOLLOWING CASE MANAGEMENT TRACKS:

- (a) Habeas Corpus – Cases brought under 28 U.S.C. §2241 through §2255. ()
- (b) Social Security – Cases requesting review of a decision of the Secretary of Health and Human Services denying plaintiff Social Security Benefits ()
- (c) Arbitration – Cases required to be designated for arbitration under Local Civil Rule 53.2. ()
- (d) Asbestos – Cases involving claims for personal injury or property damage from exposure to asbestos. ()
- (e) Special Management – Cases that do not fall into tracks (a) through (d) that are commonly referred to as complex and that need special or intense management by the court. (See reverse side of this form for a detailed explanation of special management cases.) ()
- (f) Standard Management – Cases that do not fall into any one of the other tracks. (X)

<u>December 5, 2008</u> Date	<u>Ronald P. Schiller</u> Attorney-at-law	<u>Century Indemnity Company</u> Attorney for
<u>215-656-3330</u> Telephone	<u>215-656-3300</u> FAX Number	<u>ronald.schiller@dlapiper.com</u> E-Mail Address

UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA — DESIGNATION FORM to be used by counsel to indicate the category of the case for the purpose of assignment to appropriate calendar.

Address of Plaintiff: P.O. Box 1000, 436 Walnut St., Philadelphia, PA 19106

Address of Defendant: 555 College Road East, Princeton, NJ 08543

Place of Accident, Incident or Transaction: Pennsylvania

(Use Reverse Side For Additional Space)

Does this civil action involve a nongovernmental corporate party with any parent corporation and any publicly held corporation owning 10% or more of its stock? (Attach two copies of the Disclosure Statement Form in accordance with Fed.R.Civ. P. 7.1 (a)) Yes [X] No []

Does this case involve multidistrict litigation possibilities? Yes [] No [X]

RELATED CASE, IF ANY:

Case Number: _____ Judge _____ Date Terminated: _____

Civil cases are deemed related when yes is answered to any of the following questions:

- 1. Is this case related to property included in an earlier numbered suit pending or within one year previously terminated action in this court? Yes [] No [X]
2. Does this case involve the same issue of fact or grow out of the same transaction as a prior suit pending or within one year previously terminated action in this court? Yes [] No [X]
3. Does this case involve the validity or infringement of a patent already in suit or any earlier numbered case pending or within one year previously terminated action in this court? Yes [] No [X]
4. Is this case a second or successive habeas corpus, social security appeal, or pro se civil rights case filed by the same individual? Yes [] No [X]

CIVIL: (Place [X] in ONE CATEGORY ONLY)

A. Federal Question Cases:

- 1. [] Indemnity Contract, Marine Contract, and All Other Contracts
2. [] FELA
3. [] Jones Act-Personal Injury
4. [] Antitrust
5. [] Patent
6. [] Labor-Management Relations
7. [] Civil Rights
8. [] Habeas Corpus
9. [] Securities Act(s) Cases
10. [] Social Security Review Cases
11. [] All other Federal Question Cases (Please specify)

B. Diversity Jurisdiction Cases:

- 1. [X] Insurance Contract and Other Contracts
2. [] Airplane Personal Injury
3. [] Assault, Defamation
4. [] Marine Personal Injury
5. [] Motor Vehicle Personal Injury
6. [] Other Personal Injury (Please specify)
7. [] Products Liability
8. [] Products Liability — Asbestos
9. [] All other Diversity Cases (Please specify)

ARBITRATION CERTIFICATION

(Check appropriate Category)

I, _____, counsel of record do hereby certify:

[X] Pursuant to Local Civil Rule 53.2, Section 3(c)(2), that to the best of my knowledge and belief, the damages recoverable in this civil action case exceed the sum of \$150,000.00 exclusive of interest and costs;

[] Relief other than monetary damages is sought

DATE: 12/5/08

[Signature] Attorney-at-Law

41357

Attorney I.D.#

NOTE: A trial de novo will be a trial by jury only if there has been compliance with F.R.C.P. 38.

I certify that, to my knowledge, the within case is not related to any case now pending or within one year previously terminated action in this court except as noted above.

DATE: 12/5/08

[Signature] Attorney-at-Law

41357

Attorney I.D.#

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

CENTURY INDEMNITY COMPANY, :
as successor to CCI INSURANCE :
COMPANY, as successor to :
INSURANCE COMPANY OF :
NORTH AMERICA :

Civil Action
No: _____

V.

MUNICH REINSURANCE AMERICA,
INC., as successor to AMERICAN RE-
INSURANCE COMPANY

DISCLOSURE STATEMENT FORM

Please check one box:

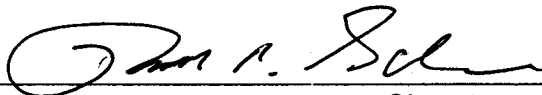
The nongovernmental corporate party, _____,
in the above listed civil action does not have any parent corporation and
publicly held corporation that owns 10% or more of its stock.

The nongovernmental corporate party, _____,
in the above listed civil action has the following parent corporation(s) and
publicly held corporation(s) that owns 10% or more of its stock:

ACE Limited

December 5, 2008

Date



Signature

Ronald P. Schiller

Century Indemnity Company, as successor to
CCI Insurance Company, as successor to

Counsel for: Insurance Company of North America

Federal Rule of Civil Procedure 7.1 Disclosure Statement

- (a) WHO MUST FILE; CONTENTS. A nongovernmental corporate party must file two copies of a disclosure statement that:
- (1) identifies any parent corporation and any publicly held corporation owning 10% or more of its stock; or
 - (2) states that there is no such corporation.
- (b) TIME TO FILE; SUPPLEMENTAL FILING. A party must:
- (1) file the disclosure statement with its first appearance, pleading, petition, motion, response, or other request addressed to the court; and
 - (2) promptly file a supplemental statement if any required information changes.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

CENTURY INDEMNITY COMPANY, :
as successor to CCI INSURANCE :
COMPANY, as successor to :
INSURANCE COMPANY OF :
NORTH AMERICA :

Civil Action
No: _____

V.

MUNICH REINSURANCE AMERICA,
INC., as successor to AMERICAN RE-
INSURANCE COMPANY

DISCLOSURE STATEMENT FORM

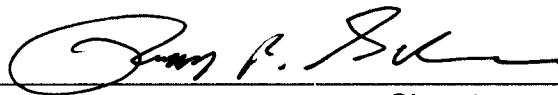
Please check one box:

The nongovernmental corporate party, _____,
in the above listed civil action does not have any parent corporation and
publicly held corporation that owns 10% or more of its stock.

The nongovernmental corporate party, _____,
in the above listed civil action has the following parent corporation(s) and
publicly held corporation(s) that owns 10% or more of its stock:

ACE Limited

December 5, 2008
Date



Signature
Ronald P. Schiller
Century Indemnity Company, as successor to
CCI Insurance Company, as successor to
Counsel for: Insurance Company of North America

Federal Rule of Civil Procedure 7.1 Disclosure Statement

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- (1) file the disclosure statement with its first appearance, pleading, petition, motion, response, or other request addressed to the court; and
 - (2) promptly file a supplemental statement if any required information changes.

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

CENTURY INDEMNITY COMPANY, as	X	
successor to CCI INSURANCE COMPANY, as	:	
successor to INSURANCE COMPANY OF	:	
NORTH AMERICA,	:	
	:	CIVIL ACTION NO.
Plaintiff,	:	
	:	
-against-	:	
	:	
MUNICH REINSURANCE AMERICA, INC.,	:	
as successor to AMERICAN RE-INSURANCE	:	
COMPANY,	:	
	:	
Defendant.	:	

----- X

Plaintiff Century Indemnity Company (“Century”), as successor to CCI Insurance Company (“CCI”), itself the successor to Insurance Company of North America (“INA”), by and through its undersigned attorneys, alleges for its Complaint against Defendant, American Re-Insurance Company, now known as Munich Reinsurance America, Inc. (“Munich Re”) as follows:

NATURE OF THE ACTION

1. This action seeks damages and declaratory relief in connection with Defendant Munich Re's failure to pay certain amounts due under several contracts through which it reinsured Plaintiff. Under the reinsurance contracts at issue (the “Certificates”), Munich Re agreed to indemnify INA for payments made by INA pursuant to various insurance policies issued by INA to J-M Manufacturing Company, Inc. (“JMM”) and a subsidiary, J-M A/C Pipe Corporation (“JMAC”) (together, the “Insureds”) in 1983 and 1984 (the “JMM Policies”).

2. Although Plaintiff paid premiums to Munich Re in return for this reinsurance protection, and Plaintiff has paid claims under the JMM Policies which trigger the coverage of

the Certificates, Munich Re has wrongfully refused to pay the sums due and owing under the Certificates. Accordingly, Plaintiff brings this action to recover the damages to which it is entitled as a result of Munich Re's breaches of contract, and for a declaration that Munich Re must make all future payments owing under the Certificates as and when they are due.

THE PARTIES

3. Plaintiff Century is an insurance company domiciled and organized under the laws of Pennsylvania with its principal place of business in Philadelphia, Pennsylvania. Century is the successor in interest to CCI Insurance Company, which is an insurance company domiciled and organized under the laws of Pennsylvania with its principal place of business in Philadelphia, Pennsylvania. CCI was the successor in interest to Insurance Company of North America, an insurance company domiciled and organized under the laws of Pennsylvania with its principal place of business in Philadelphia, Pennsylvania.

4. Plaintiff is affiliated with the ACE group of companies and is an indirect subsidiary of ACE Limited, a publicly traded company. Resolute Management Inc., Mid-Atlantic Division ("Resolute") is the Attorney-in-Fact and Claims-Handling Agent for Plaintiff.

5. Defendant Munich Re is a corporation organized and existing under the laws of the State of Delaware with its principal place of business located in the State of New Jersey. Munich Re is licensed to do business, and is doing and transacting business, in Pennsylvania. Munich Re is the successor in interest to American Re-Insurance Company ("American Re"), which issued the Certificates to INA in 1983 and 1984.

JURISDICTION AND VENUE

6. This Court has subject matter jurisdiction over this dispute pursuant to 28 U.S.C. § 1332 because Plaintiff and Munich Re are citizens of different states and the amount in controversy exceeds \$75,000, exclusive of interest and costs.

7. This Court has personal jurisdiction over Munich Re because Munich Re has transacted and continues to transact substantial business in Pennsylvania.

8. Venue is proper in this district pursuant to 28 U.S.C. § 1391(a) in that a substantial part of the events or omissions giving rise to the claims occurred in this district.

BACKGROUND

9. Reinsurance is a type of insurance in which an insurer transfers to a reinsurer some or all of the risk that the insurer has assumed under one or more insurance policies. The reinsurer is paid a premium in accordance with the terms of the reinsurance contract. The original insurer is known as the "cedent" or "ceding insurer" and it is said to "cede" risk, and premium, to the reinsurer. In this case, Plaintiff, as cedent, transferred certain risks discussed below to Munich Re, as reinsurer.

10. The reinsurance that Munich Re provided to Plaintiff is referred to as "facultative reinsurance," which is a type of reinsurance coverage that applies to a single policy or risk and is negotiated on an individual basis.

11. Although not set forth in all reinsurance contracts, the "follow the fortunes" or "follow the settlements" doctrine is inherent in any reinsurance relationship. This doctrine requires payment by the reinsurer where the ceding insurer's payment to the original insured is in good faith and arguably encompassed within the terms of the underlying policy. Under this doctrine, the reinsurer is not permitted to second-guess the ceding insurer's determinations or decisions with respect to the underlying claims so long as they are made in good faith.

12. An "excess" insurance policy is referred to as such because it only begins to provide coverage to the insured once the "primary" policy issued to the insured is exhausted.

13. This dispute arises from Munich Re's facultative reinsurance of two general liability excess policies INA issued in 1983 and 1984.

FACTS

The Underlying Insurance Contracts

14. In the early 1980s, JM and JMAC were engaged in the manufacture and distribution of pipes, some of which contained asbestos. The JMM Policies are a series of four primary and excess insurance policies, through INA provided insurance to the JMM and JMAC from January 1, 1983 to January 1, 1985.

15. For the 1983 policy year, INA issued two policies to the Insureds: a primary insurance policy (the "1983 Primary Policy") and an excess insurance policy (the "1983 Excess Policy").

16. The 1983 Primary Policy was in force from January 1, 1983 to January 1, 1984, and bore policy number GLP 82 85 05. It contains a \$1,000,000 per occurrence liability limit and a \$1,000,000 aggregate liability limit for products and completed operations. The 1983 Primary Policy is "guaranteed cost," meaning there is no deductible.

17. The 1983 Excess Policy sat above the 1983 Primary Policy, and was in force from February 24, 1983 to January 1, 1984. It bore policy number XBC 153672, and contained a \$25,000,000 per occurrence liability limit and a \$25,000,000 aggregate liability limit for products and completed operations. It provided that INA had a duty to defend the Insureds against suits for personal injury or property damage once the limits of liability of the 1983 Primary Policy were exhausted.

18. For the 1984 policy year, INA again issued a primary insurance policy (the "1984 Primary Policy") and an excess insurance policy (the "1984 Excess Policy") to the Insureds.

19. The 1984 Primary Policy was in force from January 1, 1984 to January 1, 1985, and bore policy number ISG GO 319482-6. It contains a \$1,000,000 per occurrence limit and a

\$1,000,000 aggregate liability limit for products and completed operations. The 1984 Primary Policy also contains a \$250,000 per occurrence deductible.

20. The 1984 Excess Policy sat above the Primary Policy, and was in force from January 1, 1984 to January 1, 1985. It bore policy number XBC 54-0715, and contained a \$25,000,000 per occurrence liability limit and a \$25,000,000 aggregate liability limit for products and completed operations. It provided that INA had a duty to defend the Insureds against suits for personal injury or property damage once the limits of liability of the 1984 Primary Policy were exhausted.

The Reinsurance Contracts With American Re

21. American Re and INA entered into two facultative reinsurance agreements, under which American Re assumed a share of the risk under the 1983 and 1984 Excess Policies in exchange for payments of premium. Munich Re has assumed American Re's liability under the Certificates.

22. The first relevant Certificate bears Certificate Number 3212985, and provides reinsurance protection for INA's exposure under the 1983 Excess Policy (the "1983 Certificate"). Like the 1983 Excess policy, the 1983 Certificate has an effective date of February 24, 1983, and an expiration date of January 1, 1984. Under the Certificate, Munich Re agreed to indemnify INA for 60% of the first \$5,000,000 of liability under the 1983 Excess Policy.

23. The second relevant Certificate bears Certificate Number 3766954, and provides reinsurance protection to INA's exposure under the 1984 Excess Policy (the "1984 Certificate"). Like the 1984 Excess Policy, the 1984 Certificate has an effective date of January 1, 1984, and an expiration date of January 1, 1985. Under the Certificate, Munich Re agreed to indemnify

INA for 60% of the first \$5,000,000 of liability under the 1984 Excess Policy, and 13.33% of liability between \$10,000,000 and \$25,000,000 under the 1984 Excess Policy.

24. Munich Re accepted premium payments from INA in exchange for its agreement to reinsure INA in accordance with the terms of the Certificates. INA paid Munich Re all premium due under the Certificates.

The Underlying JMM/JMAC Claims and Billings to Munich Re

25. Hundreds of people, including former employees, their families, customers, and others who had allegedly been exposed to asbestos through JMM/JMAC, have asserted claims against JMM/JMAC, alleging injuries resulting from such exposure (the "JMM Claims").

26. In accordance with their obligations under the JMM Policies, Plaintiff has been defending the Insureds against the JMM Claims, settling some and litigating others.

27. Initially, loss and expense payments made by Plaintiff were allocated to the Primary Policies. As the Primary Policies were exhausted, Plaintiff began allocating payments to the Excess Policies.

28. Since it began defending, settling, and paying the JMM Claims, Plaintiff has provided Munich Re with status reports and updates on the matter, including payments made and allocations to the various policies.

29. As of today, Munich Re owes Plaintiff \$1,129,348 for claims due under the 1983 Certificate and \$1,129,348 for claims due under the 1984 Certificate, no part of which has been paid.

**COUNT 1
(Breach of Contract)**

30. Plaintiff repeats and realleges the allegations set forth in paragraphs 1 through 28.

31. Under the Certificates, Munich Re has an obligation and a duty to reimburse Plaintiff for its share of losses and loss expenses paid under the 1983 and 1984 Excess Policies.

32. By failing to pay its share of Plaintiff's losses and loss expenses, Munich Re has breached its obligation and duty indemnify Plaintiff as required by the Certificates.

33. As a result of Munich Re's breach of the Certificates, Plaintiff has suffered damages in the amount of at least \$2,258,696, plus interest.

COUNT 2
(Declaratory Relief)

34. Plaintiff repeats and realleges the allegations set forth in paragraphs 1 through 28.

35. Upon information and belief, Munich Re questions whether it is liable under the Certificates for the losses and loss expenses submitted to it by Plaintiff.

36. There is an actual controversy between Plaintiff and Munich Re as to their respective rights and liabilities under the Certificates.

37. Plaintiff is entitled to a declaration, in accordance with 28 U.S.C. § 2201, that the Certificates are in full force and effect and that Munich Re is obligated to make timely payment to Plaintiff in such amounts as have already become due and may become due in the future in accordance with the terms of the Certificates.

WHEREFORE, Plaintiff respectfully requests that this Court enter judgment in its favor, and against the Defendant, as follows:

- A. A judgment that Munich Re has breached the Certificates;
- B. Damages in the total amount of at least \$2,258,696, plus interest;
- C. A declaration that Munich Re must reimburse Plaintiff for its share of current and future losses under the Certificates;

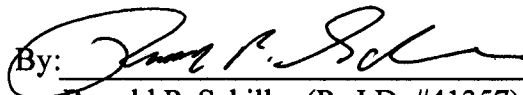
- D. Reasonable costs and fees incurred in bringing this action; and,
- E. Such other relief as the Court deems just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

Dated: December 5, 2008

Respectfully submitted,

By: 

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