

DELAWARE COURT AUTHORIZES \$15 MILLION DISTRIBUTION IN CHAPTER 7 ASBESTOS CASE

On May 1, 2023, the United States Bankruptcy Court for the District of Delaware issued an order approving an interim pro-rata distribution in the amount of \$15 million to unsecured creditors by Charles Forman, the Chapter 7 Trustee for National Service Industries, Inc.

As of the petition date, NSI was subject to thousands of personal injury or wrongful death claims arising from the distribution of asbestos-containing insulation by a previously divested business of NSI dating back to the 1960s. NSI is the policyholder of numerous insurance policies that have covered and should continue to cover losses related to the asbestos claims. During the bankruptcy case, approximately 20,000 asbestos claims were asserted against NSI. After a claim review process developed by the Trustee and approved by the court, approximately 4,000 of these claims were approved.

Gilbert LLP, as special insurance counsel to the Trustee, successfully negotiated numerous settlements with various insurance groups during the administration of the case, resulting in aggregate insurance recoveries in excess of \$23 million. The Trustee continues to pursue resolution of remaining, unresolved insurance assets.

“It is very satisfying to see the Trustee in a position to make a significant interim distribution,” said Jason Rubinstein, Gilbert Partner and insurance counsel to the Trustee. “Further, it has been rewarding to work with the Trustee and his team to apply the Chapter 7 bankruptcy process in a novel context—mass tort asbestos claims—to resolve insurance issues and provide value to the estate and, ultimately, creditors of the estate.”

The Trustee anticipates making a second distribution upon the close of the bankruptcy case, which is expected by early next year.