Docket #1017 Date Filed: 10/06/2026

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF NEW YORK

In re:	Case No. 26-60110 (WAK)
Vanderbilt Minerals, LLC,	Chapter 11
Debtor.	

INSURERS'[1] SUPPLEMENTAL OBJECTION[2]

The amended *Chapter 11 Plan of Liquidation of Vanderbilt Minerals, LLC* ("Amended

[1] Insurers comprise Certain Underwriters at Lloyd's, London subscribing Policy No. 707/NL6544B, River Thames Insurance Company Limited (as successor in interest to Unionamerica Insurance Company Limited, which was in turn successor in interest to certain business of St. Paul Travelers Insurance Company Limited, formerly known as St. Katherine Insurance Company Limited and St. Katherine Insurance Company PLC), Cavello Bay Reinsurance Limited (as successor by merger to Harper Insurance Limited, formerly known as Turegum Insurance Company), Winterthur Swiss Insurance Company, Yasuda Fire & Marine Insurance Company (UK) Limited (collectively, "London Market Insurers" or "LMI"), Continental Casualty Company and Columbia Casualty Company (collectively, "CNA Insurers"), AIU Insurance Company, Granite State Insurance Company, National Union Fire Insurance Company of Pittsburgh, PA (collectively, "AIG Insurers"), and Government Employees Insurance Company ("GEICO" and together with LMI, CNA Insurers, and AIG Insurers, "Specified Insurers"); TIG Insurance Company and Everest Reinsurance Company, and Century Indemnity Company ("TIG"); Pacific Employers Insurance Company ("Pacific"); CoAction Specialty Management Company, Inc. as Managing General Agent and Attorney-In-Fact for Employers Mutual Casualty Company to the extent of its participation in the Mutual Marine Office ("CoAction"); Old Republic Insurance Company ("Old Republic"); Hartford Accident and Indemnity Company, First State Insurance Company, and Twin City Fire Insurance Company ("Hartford"); Swiss Reinsurance America Corporation ("Swiss"); Travelers Casualty & Surety Company ("Travelers", together with Specified Insurers, TIG, Pacific, CoAction, Old Republic, Hartford, and Swiss, "Insurers").

[2] Insurers file this supplemental objection and fully incorporate by reference their prior objections ("Objection"). *See* Doc. Nos. 913, 916.

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Plan")[3] repeatedly states that the Insurance Rights[4] transferred to the Liquidation Trust remain subject to the Insurance Policies and Coverage in Place Agreements (collectively, "Insurance Agreements").[5] The Insurance Agreements contain material provisions concerning, amongst other things, the requirements for the presentation and payment of claims. However, the Trust Distribution Procedures ("TDPs")[6] establish a claims liquidation process without reference to the Insurance Agreements. The Amended Plan relies on future insurance recoveries to fund distributions for Talc Claims.[7] Therefore, the *Amended Disclosure Statement for Chapter 11 Plan of Liquidation of Vanderbilt Minerals, LLC* ("Amended Disclosure Statement")[8] must disclose the material risk that the Liquidation Trust's failure to comply with the requirements of the Insurance Agreements may eliminate, delay, or materially reduce insurance recoveries.

I. Relevant Background

On August 6, 2026, the Debtor filed the *Disclosure Statement for Chapter 11 Plan of Liquidation of Vanderbilt Minerals, LLC* ("Disclosure Statement")[9] and *Chapter 11 Plan of Liquidation of Vanderbilt Minerals* ("Plan"),[10] which sought approval of the TDPs that had not yet

[3] Doc. No. 962.

[4] Unless otherwise defined, all capitalized terms have the meaning ascribed to them in the Amended Plan. *See, e.g.,* Amended Plan, § 1.1 at *Insurance Rights* (defined therein).

[5] *Id.* at *Insurance Rights* (defined as rights of the Debtor "subject to the terms and conditions of the applicable insurance Policies and the CIP Agreements."); *see also* Amended Plan, § 5.3(iv) (Insurance Rights Transfer).

[6] *Id.*, § 1.1 at *Trust Distribution Procedures*; *see also* Doc. No. 990.

[7] *Id.*, § 1.1 at *Liquidation Trust* (providing that the Liquidation trust is established, among other things, to "recover Insurance Proceeds."); *see also id.*, §§ 5.8(ii), 6.3(iv) (providing that the TC Recovery Fund will be funded with Post-Effective Date Available Cash, including insurance recoveries).

[8] Doc. No. 963.

[9] Doc. No. 858.

[10] Doc. No. 857.

been filed. Insurers objected, in part, because they could not evaluate the adequacy of the Disclosure Statement, without reviewing the TDPs.[11]

Now that the Debtor has filed the Amended Disclosure Statement,[12] Amended Plan,[13] and TDPs,[14] Insurers hereby supplement their prior Objections.

II. The TDPs Do Not Implement the Insurance Agreements, Creating an Undisclosed Risk that the Liquidation Trust Will be Unable to Recover Insurance Proceeds

The TDPs do not discuss, implement, or comport with the Insurance Agreements. There is no description of the requirements contained in the Insurance Agreements, how the Liquidation Trust will satisfy those requirements, or the consequences if the Liquidation Trust fails to do so. Insurers believe that the performance of the TDPs alone will not comply with the requirements of the Insurance Agreements, thereby creating a material risk that the Liquidation Trust will be unable to obtain the insurance recoveries upon which the Amended Plan depends. This possibility should be disclosed.

Nothing in a chapter 11 plan, confirmation order, or related findings may impair an insurer's legal, equitable, or contractual rights under applicable insurance policies.[15] Rather, the rights and obligations of insurers must be determined under their respective insurance policies and applicable law.[16]

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[11] Doc. Nos. 913, 916.

[12] Doc. No. 963.

[13] Doc. No. 962.

[14] Doc. No. 990.

[15] *See, e.g., In re Hopeman Bros., Inc.*, 2025 WL 3688940, at *25 (Bankr. E.D. Va. Oct. 31, 2025).

[16] *In re MF Glob. Holdings Ltd.*, 469 B.R. 177, 194-95 (Bankr. S.D.N.Y. 2012) ("the scope and purpose of insurance policies should be specifically adhered to in bankruptcy cases").

The Amended Plan proposes to transfer and assign the Debtor's Insurance Rights to the Liquidation Trust, subject to the terms of the Insurance Agreements.[17] It expressly specifies that nothing in the Plan or Plan Documents modifies the terms and conditions of such agreements.[18] The Amended Plan also provides that the Insurance Agreements are non-executory contracts that will neither be assumed nor rejected, and that the parties' rights and obligations, including whether a breach has occurred, will be determined under applicable law.[19] The Amended Plan recognizes that compliance with such contractual conditions may determine whether the Liquidation Trust can recover insurance proceeds.[20] Accordingly, the Amended Plan does not purport to either

[17] Amended Plan, § 1.1 at *Insurance Rights* (defined as rights of the Debtor "subject to the terms and conditions of the applicable insurance Policies and the CIP Agreements."); *see also* Amended Plan, § 5.3(iv) (Insurance Rights Transfer).

[18] *Id.*, § 1.1 at *Insurer Coverage Defense* ("means all rights and defenses that any Insurance Company may have under any Insurance Policy or CIP Agreement and applicable law with respect to a claim seeking insurance coverage or to any insurance action, but Insurer Coverage Defenses do not include any defense that the Plan or any of the other Plan Documents do not comply with the Bankruptcy Code. Upon entry of the Confirmation Order in the Chapter 11 Case determining that the Bankruptcy Code authorizes the Insurance Rights Transfer by preempting any terms or provisions of the Insurance Policies that any Insurance Company asserts or may assert otherwise prohibits the Insurance Rights Transfer, an Insurer Coverage Defense shall not include any defense that the Insurance Rights Transfer is prohibited by the Insurance Policies, CIP Agreements, or applicable non-bankruptcy law."); *see also* Amended Plan, § 5.5(i).

[19] Amended Plan, § 8.6 ("Notwithstanding Section 8.1 above, all Insurance Policies and CIP Agreements entered into prior to the Petition Date shall be considered non-executory contracts and shall neither be assumed nor rejected by the Debtor. Other than the permissibility of the Insurance Rights Transfer, which is to be determined by or in connection with Confirmation of the Plan, the rights and obligations of the parties under the Insurance Policies and CIP Agreements, including the question of whether any breach has occurred, shall be determined under applicable law.").

[20] *See, e.g., id.*, § 9.1(xiv)(e) ("The Liquidation Trust's rights under any Insurance Policies issued by Non-Settling Insurance Companies, including the effect of any failure to satisfy conditions precedent or obligations under such policies (other than, in the case of the Insurance Policies or CIP Agreements, the terms of any policies or provisions of applicable law that are argued to prohibit the assignment or transfer of such rights), shall be determined in accordance with the Insurance Policies, CIP Agreements, and applicable law, in subsequent litigation.").

expand the Liquidation Trust's rights or reduce the insurers' rights under the Insurance Agreements.

While the Amended Plan purports to preserve insurance neutrality, the TDPs fail to implement, comport with, or even reference, the Insurance Agreements when proposing a framework to administer Talc Claims. The Amended Plan channels Talc Claims to the Liquidation Trust for resolution under the TDPs, and the Liquidation Trust assumes responsibility for paying such claims.[21] Under the TDPs, the Liquidating Trustee determines whether a Talc Claim is compensable,[22] assigns its liquidated value,[23] extends a payment offer,[24] and resolves disputed eligibility or valuation through binding arbitration.[25] This process determines the amounts payable by the Liquidation Trust, but it does not incorporate the Insurance Agreements, removing Insurers from the process entirely. The Amended Disclosure Statement neither explains how the Liquidating Trustee's performance under the TDPs and Amended Plan will comply with the provisions of the Insurance Agreements, nor discloses the resulting risk to the Liquidation Trust's recoveries arising from such noncompliance.

III. The Amended Disclosure Statement Must Disclose the Risk that Noncompliance with the Insurance Agreements May Impair Future Insurance Recoveries

The Amended Disclosure Statement must be revised to disclose the resulting risk to future insurance recoveries. While the Amended Disclosure Statement discusses the Liquidation Trust's

[21] *Id.*, §§ 4.5(ii) (providing that Talc Claims, "shall be resolved in accordance with the Trust Distribution Procedures"), 5.3(vi) (providing that the Liquidation Trust shall have "all responsibility and liability" for Talc Claims); Trust Distribution Procedures (stating that the Trust Distribution Procedures "set forth procedures for resolution of all Talc Claims).

[22] Trust Distribution Procedures, § 4.3(c).

[23] *Id.*, §§ 4.3(b), 4.3(c), 4.5.

[24] *Id.*, §§ 4.3(b), 4.3(c).

[25] *Id.*, § 4.3(c).

anticipated pursuit of Insurance Rights and future recoveries under the Insurance Policies,[26] it does not disclose the risk that compliance with the TDPs may violate the Insurance Agreements, with the consequence of material impairment of the Liquidation Trust's ability to obtain insurance recoveries. Insurers respectfully submit that the following disclosure should be included in the Amended Disclosure Statement:

> The Trust Distribution Procedures do not implement or comport with various rights, obligations, and procedures contained in the Insurance Policies and CIP Agreements. Insurers will likely contend that Talc Claims settled through the TDPs alone are not payable in subsequent state court insurance coverage litigation. Accordingly, confirmation of the Plan is likely to lead to future insurance coverage litigation and may result in less insurance, or no insurance, being available to pay claims. The Liquidation Trust's failure to comply with provisions of the Insurance Policies and CIP Agreements provides insurers with contractual defenses, and may likely materially reduce, delay, or eliminate insurance recoveries that the Liquidation Trust otherwise expects to pursue. No determination has been made regarding the merits of these positions, and any such issues may be resolved and are preserved in any future state court coverage litigation.

Absent such disclosure, the Court should deny approval of the Amended Disclosure Statement.

IV. Conclusion

For the reasons stated above, the Court should deny approval of the Amended Disclosure Statement.

Date: October 6, 2026

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[26] *See generally*, Amended Disclosure, §§ 3.5(c), 4.2, 5.2 6.6.

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CERTIFICATE OF SERVICE

I hereby certify that on October 6, 2026, a true and correct copy of the above and foregoing *Insurers' Supplemental Objection* was filed through the Electronic Filing System of the United States Bankruptcy Court, Northern District of New York, and served electronically upon all parties registered to receive notice via ECF.

/s/ Nathan W. Reinhardt
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