

Cahill Prevails on Behalf of Chartis in Suit Over \$103 Million Hotel Loan

Date: 05/13/15

Cahill prevailed on behalf of Chartis Specialty Insurance Co., an AIG company, in a suit filed by CT Investment Management Co. in New York Supreme Court, alleging Chartis failed to cover the investment firm for losses allegedly covered under a political risk insurance policy with respect to a \$103 million loan made to a group of hotels in Mexico. In April 2010, some of the Mexican companies involved in the loan filed for bankruptcy, and a Mexican court granted injunctive relief to the companies preventing CT and others from exercising their legal rights against the debtors and their respective assets. In November 2012, CT filed suit citing losses allegedly covered under the political risk policy, and alleging Chartis had not met its obligations under that policy.

In separate rulings in 2013 and 2014, the trial court granted Chartis's motion to dismiss CT's expropriatory claim, holding that CT had not alleged the requisite act by the Mexican government to change Mexican law to CT's detriment, and denied the motion to dismiss CT's claim for "currency inconvertibility/non-transfer," holding that the matter was arguably within the coverage provisions and the bankruptcy exclusion did not apply.

On May 12, 2015, a New York appellate court affirmed the dismissal of the expropriatory claim and reversed the denial of the motion to dismiss the currency claim, thereby dismissing the entire action and declaring that no coverage was owed. Presiding Justice Luis Gonzalez, writing for a unanimous five-judge panel, ruled that the policy's bankruptcy exclusion applied, noting that "The policy at issue is a political risk insurance policy, not a credit insurance policy," and concluded as well that the alleged loss was not within the coverage provisions of the policy in any event.