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## **Insurance companies deny village coverage in Crestwood water scandal**

By Maura Possley

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Insurers for the village of Crestwood and its former mayor have denied them coverage for accusations laid out in nearly a dozen lawsuits claiming that authorities used a tainted well to supplement drinking water.

The insurance companies say policies issued don't require them to defend the village against the class-action, wrongful death and personal injury lawsuits, along with charges filed by Illinois Attorney General Lisa Madigan triggered by the water allegations that came to light in the spring.

Two insurers - Scottsdale Indemnity and National Casualty companies - issued the village coverage from 1998 through this year and filed a lawsuit in Cook County in the summer asking a judge to affirm the denial in Cook County.

Metropolitan Property and Casualty Insurance Company and Economy Premier Assurance Company also filed suit late last month as insurers of homeowners policies for former Crestwood mayor Chester Stranczek and his wife Diane.

"The insurance company thinks they don't have coverage, and they are putting their money where their mouth is," said attorney Robert Marc Chemers, representing the village.

Crestwood is embroiled in allegations that from 1986 to 2007, its officials drew as much as 20 percent of the village's water from the well tainted with cancer-causing chemicals.

The Illinois Environmental Protection Agency first alerted the village of the well's contamination in 1986. Officials pledged not to use it any more. But they continued, while residents were led to believe they drank 100 percent Lake Michigan water, the IEPA has said.

The village is fighting the denial of coverage. Chemers said there have been at least a dozen companies to insure Crestwood since 1986.

"We feel strongly that we do have coverage and that we're going to prevail," village attorney David Sosin said.

It likely would be months before a decision would be made in the cases. It could hinge on whether officials' actions were deliberate and intentional.

"The real question is what did they know and when did they know it," said John Brechin, an attorney specializing in municipal law.

The insurance lawsuits are significant as the line of current and former residents heading to court over the well's usage continues to grow. Crestwood and its officials might have believed they could rely on the policies to pay damages in any court cases they lose.

"In that situation, you look around to some other deep pocket, and that would be the insurance company," said Allen Shoenberger, a Loyola University School of Law professor. "When (Crestwood) employees take wrongful action in allowing this well water to be used and then concealing it -- Those facts, those deliberate actions, even though they're criminal, should not be a defense that people who are injured are not entitled to recover for those wrongful acts."

The village, Stranczek and his son - current Mayor Robert Stranczek - have been named as defendants in the various citizen lawsuits. Former water official Frank Scaccia additionally was named in Madigan's case.

"If the courts were to determine that there is no insurance coverage for those lawsuits, then we will not be able to obviously collect any money from the insurance companies, but the individuals would still be liable," said attorney Thomas Zimmerman, one of many lawyers representing plaintiffs. "We would be able to collect any judgments from them individually from any assets they might have. The village itself would be liable to pay any amount if there's a judgment entered against the village."

Attorneys for Scottsdale Indemnity and National Casualty companies did not return calls seeking comment. An attorney for Metropolitan Property and Casualty Insurance Company named in the filing declined to comment.

Zimmerman added that more defendants could be added to the class-action cases, including the suspected contamination source, the nearby Playfield Cleaners at 5427 127th St., and its strip mall developer.