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## **State of California Reaches \$93 Million Settlement With Insurance Companies To Pay For Stringfellow Hazardous Waste Site Cleanup Lloyd's Agrees to Pay \$49 Million and 15 Other Insurers Contribute \$44 Million**

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FOR IMMEDIATE RELEASE

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(SACRAMENTO) – Attorney General Bill Lockyer today announced that he has reached several landmark agreements which require Lloyd's of London and 15 other defendant insurers to pay the State of California approximately \$93 million to settle insurance claims for cleanup damages at the Stringfellow Hazardous Waste Site ("Stringfellow"). The Lloyd's settlement, representing \$49 million of the total amount, is particularly significant because Lloyd's was one of the state's major insurers, and the company's attorneys had been leading the defense against the state's claims.

"The Lloyd's agreement represents a fair resolution of the state's claim against its insurance policy," said Lockyer. "Stringfellow is California's highest priority Superfund Site and we have spent more than 30 years and hundreds of millions of dollars to clean up the site. These settlements will help California recoup some of its expenses and allow us to focus our attention on the remaining defendants who are legally obligated to cover the Stringfellow cleanup costs."

Located in the community of Glen Avon in Riverside County, Stringfellow was an industrial waste disposal site that accepted 35 million gallons of bulk liquid hazardous wastes between 1956 and 1972. California purchased numerous insurance policies from the defendants to cover potential liability associated with Stringfellow.

In 1983, the state was sued in federal court by the companies that generated the hazardous substances sent to Stringfellow. The lawsuit, brought under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), sought to declare the state as de facto owner/operator of Stringfellow and, therefore, responsible for cleaning up the toxic site. In 1998, the State of California was found liable for Stringfellow based on legal findings that the State negligently investigated, designed and operated the site during the 1950s and 1960s, and then failed to timely address the pollution during the 1970s.

While the litigation proceeded, the state entered negotiations with several insurers who sold general liability policies to California. In 1993, after many years of failed negotiations with the insurers, the state filed suit against Lloyd's and four other insurers in order to force the companies to honor their policies. In 2001, thirty additional insurers were added to the suit.

Upon reaching the first settlement with Lloyd's, it was believed other insurers would be encouraged to step forward and make offers to the state in order to avoid a lengthy trial without one of the main parties to the state's lawsuit. Soon after reaching the agreement with Lloyd's, \$44 million in subsequent agreements were reached with 15 additional insurers, reducing to 19 the current number of defendant

insurers.

The case is scheduled for trial with the remaining non-settling insurance companies in Riverside Superior Court in March 2005.

Since 1975, the state has been engaged in cleanup and other remedial work at Stringfellow. This work includes continued monitoring of Stringfellow to characterize the extent of contamination at the site and in the groundwater plume. State agencies have also sought to protect public health and the environment by constructing a cap, dam, extraction systems, treatment plants, surface water runoff control systems, and pipelines. The state estimates the future cost of operating and maintaining Stringfellow, as well as cleaning up the plume of contaminated groundwater will exceed \$300 million.

"California bought insurance to pay for damages such as those posed by the Stringfellow Site. These insurance company defendants should pay those claims," said Penny Newman of the Center for Community Action and Environmental Justice and a long-time community leader in the Stringfellow cleanup. "This settlement is an important step toward moving beyond litigation and toward the continued revitalization of our community."

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