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Curtis Establishes New Nevada Law in Victory For AICCO

NEW YORK, April 2, 2009 – Curtis, Mallet-Prevost, Colt & Mosle LLP, a leading international law firm, has earned a major victory for its client AICCO, Inc. On March 27, 2009, the U.S. Bankruptcy Court for the District of Nevada granted a Motion for Summary Judgment, entitling AICCO to recover more than \$4 million of unearned insurance premiums and commissions that the company had financed only a few months before the debtors filed for bankruptcy. The Memorandum Decision (available [here](#)) made new law by recognizing, for the first time in Nevada, a common law right to a purchase money security interest in unearned insurance premiums in the context of insurance premium financing.

AICCO's representation in this matter was led by partner Steven J. Reisman, co-head of the firm's Restructuring and Insolvency practice group. Counsel Jerrold L. Bregman argued the summary judgment motion.

The case involved AICCO's financing of annual premiums for Silver State Helicopters, one of the country's largest private flight schools for helicopters and light aircraft. Silver State subsequently filed for bankruptcy while the insurance premium financing was in place. Insurance premium financing allows businesses to finance their purchase of insurance to preserve cash flow. As is typical, the financing agreements gave AICCO a security interest in any refund of the premiums in the event the policies were cancelled early. Only a few months later, when Silver State ceased all operations and filed bankruptcy, the underlying insurance policies were cancelled and AICCO demanded return of the unearned premiums from the cancelled policies. The Chapter 7 trustee refused to return the unearned premiums and the senior secured creditor, Orix Finance Corporation, claimed that the proceeds of the policies were the senior lien holder's collateral.

With no Nevada statute governing the relative priority of competing secured claims in unearned insurance premiums, Orix contended it was entitled to the unearned premiums because it had filed a UCC-1 financing statement and AICCO had not. The Court found that the UCC did not apply and recognized AICCO's common law purchase money security interest in the unearned premiums, upholding a fundamental tenet of insurance law recognized in many states but for which it was a case of first impression in Nevada.

AICCO provides insurance premium financing and related services and is a subsidiary of AI Credit Corp., part of the AIG family of companies.

“This decision is really a big win for businesses and consumers in Nevada as well as AICCO, all of whom have an interest in the continued availability of affordable insurance premium financing within the state of Nevada,” said Reisman. He added, “My colleague, Jerry Bregman, deserves tremendous credit for so ably presenting our case.”

About Curtis, Mallet-Prevost, Colt & Mosle LLP

Curtis, Mallet-Prevost, Colt & Mosle LLP is a leading international law firm. Headquartered in New York, Curtis has 14 offices in the United States, Mexico, Europe, the Middle East and Asia. The Firm represents a wide range of clients, including multinational corporations and financial institutions, governments and state-owned companies, money managers, sovereign wealth funds, family-owned businesses, individuals and entrepreneurs. Curtis has a worldwide practice that includes corporate law, banking and finance, capital markets, private equity, mergers and acquisitions, project finance and infrastructure development, investment management, restructuring and insolvency, litigation, international arbitration, taxation and real estate. The Firm’s international orientation has been a hallmark of its practice for nearly two centuries. Curtis attorneys are trained as internationalists with a deep understanding of the cultural as well as business sensitivities associated with conducting business across borders. For more information about Curtis, please visit www.curtis.com.