

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

Continental Casualty Company,)	
an Illinois corporation, individually)	
and as successor-in-interest to)	Case No. 07 C 4228
The Niagara Fire Insurance)	
Company (Canadian Branch),)	
)	
Plaintiff,)	Judge Ruben Castillo
)	
vs.)	
)	
LaSalle Re Limited, a Bermuda)	
corporation)	
)	
Defendant.)	

**CONTINENTAL CASUALTY COMPANY’S
MOTION TO STAY ARBITRATION**

Plaintiff, Continental Casualty Company (“CCC”), by and through its attorneys, Lord Bissell & Brook LLP, moves this Court for entry of an Order indefinitely staying certain arbitration proceedings commenced by Defendant LaSalle Re Limited (“LaSalle Re”) in Toronto, Ontario, Canada. In support of its Motion, CCC states as follows:

1. CCC has brought this action, and brings the instant Motion, in response to a Notice of Request to Arbitrate dated May 31, 2007 (the “Arbitration Request”) which was issued by LaSalle Re to CCC, wherein LaSalle Re demanded arbitration pursuant to an arbitration clause contained in a contract of reinsurance known as the All Classes Excess of Loss Retrocession Agreement No. 8550-98 effective from July 15, 1998 to December 31, 2000 (the “Retrocession Agreement”). Copies of the Arbitration Request and the Retrocession Agreement are exhibits “B” and “C” to the Amended Complaint attached hereto as Exhibit “1”.

2. Pursuant to the Federal Arbitration Act 9 U.S.C. § 1 *et seq.* and the Illinois Uniform Arbitration Act 710 ILCS 5/2(b), this Court has the authority to enter a stay of the demanded arbitration on a showing that no agreement to arbitrate this dispute exists between CCC and LaSalle Re.

3. In the instant matter, there is no agreement to arbitrate with respect to the claims placed at issue by LaSalle Re in the Arbitration Request. In fact, the Arbitration Request was issued contrary to the express provisions of a separate agreement known as the Commutation and Release Agreement, executed by the parties on April 27, 2004. A copy of the Commutation and Release Agreement is exhibit "A" to the Amended Complaint attached hereto as Exhibit "1". Pursuant to Article 2(b) of the Commutation and Release Agreement, LaSalle Re agreed to release CCC from any and all liability for any and all claims, including known and unknown, reported and unreported, fixed and contingent obligations and liabilities, which it had or might in the future have under the Retrocession Agreement.

4. The terms of the release incorporated in the Commutation and Release Agreement supersede and extinguish any and all liabilities and obligations the parties had under all previous agreements, including the Retrocession Agreement. Accordingly, since no arbitration agreement exists between CCC and LaSalle Re, CCC is entitled to a stay of arbitration. Any remaining dispute between the parties arises under and must be resolved pursuant to the terms of the Commutation and Release Agreement.

5. Pursuant to the jurisdiction and choice of law provisions contained in Article 11(g) and (h) of the Commutation and Release Agreement, the parties agreed to litigate any and all disputes arising under that agreement under Illinois law.

6. Without a stay of arbitration, CCC will be irreparably injured to the extent it will be deprived of the benefit of its bargain to have any and all remaining disputes between itself and LaSalle Re decided through litigation under Illinois law.

7. In further support of its motion, CCC submits its Memorandum of Law in Support of Motion to Stay Arbitration.

WHEREFORE, for the foregoing reasons, and as stated more fully in CCC's Memorandum of Law in Support of Motion to Stay Arbitration, CCC respectfully requests that this Court enter an order indefinitely staying the arbitration demanded by LaSalle Re.

Dated: August 16, 2007

Respectfully submitted,

LORD, BISSELL & BROOK LLP

By: s/Kimberly M. Hamm
Attorneys for Plaintiff
CONTINENTAL CASUALTY COMPANY

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CERTIFICATE OF SERVICE

I, Kimberly M. Hamm, an attorney, hereby certify that copies of the following documents were served via e-mail by 5:00 p.m. on August 16, 2007 to Robert J. Bates, Jr., and Maryann C. Hayes, Bates & Carey LLP, 191 N. Wacker Drive, Suite 2400, Chicago, Illinois 60606:

Continental Casualty Company's Motion To Stay Arbitration

s/Kimberly M. Hamm
Kimberly M. Hamm

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