best efforts to comply with the procedures of the SPA and to reasonably cooperate with each other in obtaining the benefit of any Whitman obligations under the SPA "

On the above grounds, the Pneumo complaint sought five forms of relief (1) a declaration that the agreement between Pneumo Abex and BFG was a valid and existing contract, that Pneumo Abex had performed all of its existing obligations under the agreement, that an actual dispute existed as to whether BFG had failed to fulfill its obligations under the indemnification provisions under the agreement, and that as a result of BFG's breach, it had no obligations under the agreement to indemnify BFG for any money it sought in connection with environmental liability, (2) a declaration that an actual dispute existed as to whether Pneumo Abex had an obligation to indemnify BFG until BFG fulfilled its obligations under the agreement and a determination whether such environmental liabilities were covered by the agreement, (3) a declaration that BFG materially breached the asset purchase agreement, (4) a declaration of repudiation of the asset purchase agreement, and (5) a declaration that BFG breached the covenant of good faith and fair dealing by failing to notify Pneumo Abex with reasonable promptness and reasonable specificity of indemnification claims under the agreement

302 ***108 On April 1, 1996, BFG filed a counterclaim against Pneumo Abex ***865** The parties agree that the allegations of the counterclaim are the sole grounds upon which the duty to defend could arise in this case BFG's counterclaim stated that Pneumo Abex agreed to indemnify and hold BFG harmless under section 13 5(b) of the asset purchase agreement It also alleged that, under section 13 5(e) of the agreement, the parties would each bear 50% of the environmental liabilities until the total amount of those liabilities reached $14 million BFG further claimed that, based upon environmental investigations conducted at all four sites, contamination had occurred which exceeded human health and environmental protection standards It stated that these conditions were attributable to events that occurred prior to BFG's current "stewardship" of the facilities BFG argued that its expenditures all constituted environmental liabilities for which Pneumo Abex had agreed to indemnify it under section 13 5 of the asset purchase agreement The counterclaim further alleged that BFG had complied with all conditions of section 13 5 and that it had properly and timely notified Pneumo Abex of the environmental conditions at the four sites and of BFG's costs incurred in connection with remediating those conditions

For its relief in the counterclaim, BFG sought a declaration that the agreement constituted a valid and existing contract between it and Pneumo Abex and also that BFG and Pneumo Abex had an actual dispute over whether Pneumo Abex had an obligation under the agreement to indemnify BFG for costs "it [had] incurred to date, [and expected] to incur in the future, in connection with Environmental Liabilities, in accordance with the indemnity provisions of the Agreement " BFG also sought a declaration that BFG had fulfilled its obligations under the agreement, that Pneumo Abex had failed to fulfill its obligations under the indemnification provisions of the agreement, and that Pneumo Abex's failure to fulfill its obligations under the agreement constituted a material breach of contract with regard to environmental liabilities incurred by BFG BFG also sought a declaration that Pneumo Abex's action constituted a wrongful repudiation of its obligations under the agreement with regard to environmental liabilities incurred by BFG Finally, BFG sought a declaration that Pneumo Abex breached the covenants of good faith an fair dealing by failing to cooperate with BFG in the performance of actions in response to known environmental liabilities and by refusing to remit payments to BFG as requested, for costs incurred, to address environmental liabilities

In plaintiffs' third amended complaint (the subject of this appeal), plaintiffs alleged that the Insurers had an indivisible obligation to defend or indemnify them against the counterclaim filed by BFG and ***866** that the failure to defend or indemnify them amounted to a breach of the policies issued by the Insurers Specifically, plaintiffs alleged that the policies provided coverage on behalf of the insureds for "all sums which the insured[s] shall become legally obligated to pay as damages because of * * * property damage * * * caused by an occurrence " In paragraph 36 of the complaint, plaintiffs alleged that they had received "claims and demands alleging damages because of property damage" at the four sites at issue Further, paragraph 36 stated, "the property damage [at issue] * * * is allegedly continuous and progressive beginning before 1961 and continuing to 1986 or thereafter " Because of the Insurers' refusal to defend the BFG counterclaim, plaintiffs alleged that they incurred defense costs of $1,953,186 The record reveals that the BFG suit was resolved by settlement ***303 ***109** whereby plaintiffs were ordered to pay BFG $1 million

In an order entered October 10, 2000, the trial court granted the Insurers' motion to dismiss plaintiffs' third amended complaint for declaratory judgment The trial court concluded that the allegations in the BFG counterclaim arose out of an alleged breach of the asset purchase agreement and did not amount to an

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