

109TH CONGRESS  
1ST SESSION

# H. R. 1360

To create a fair and efficient system to resolve claims of victims for bodily injury caused by asbestos exposure, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2005

Mr. KIRK (for himself, Mr. BASS, Mr. PLATTS, Mr. SHIMKUS, Mr. KENNEDY of Minnesota, and Mr. DENT) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committees on Energy and Commerce, Ways and Means, Education and the Workforce, and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To create a fair and efficient system to resolve claims of victims for bodily injury caused by asbestos exposure, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Fairness in Asbestos Injury Resolution Act of 2005” or  
6 the “FAIR Act of 2005”.

1 (b) TABLE OF CONTENTS.—The table of contents of  
 2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purpose.
- Sec. 3. Definitions.

TITLE I—ASBESTOS CLAIMS RESOLUTION

Subtitle A—Office of Asbestos Disease Compensation

- Sec. 101. Establishment of Office of Asbestos Disease Compensation.
- Sec. 102. Advisory Committee on Asbestos Disease Compensation.
- Sec. 103. Medical Advisory Committee.
- Sec. 104. Claimant assistance.
- Sec. 105. Physicians Panels.
- Sec. 106. Program startup.
- Sec. 107. Authority of the Administrator.

Subtitle B—Asbestos disease compensation procedures

- Sec. 111. Essential elements of eligible claim.
- Sec. 112. General rule concerning no-fault compensation.
- Sec. 113. Filing of claims.
- Sec. 114. Eligibility determinations and claim awards.
- Sec. 115. Medical evidence auditing procedures.

Subtitle C—Medical criteria

- Sec. 121. Medical criteria requirements.

Subtitle D—Awards

- Sec. 131. Amount.
- Sec. 132. Medical monitoring.
- Sec. 133. Payment.
- Sec. 134. Reduction in benefit payments for collateral sources.

TITLE II—ASBESTOS INJURY CLAIMS RESOLUTION FUND

Subtitle A—Asbestos defendants funding allocation

- Sec. 201. Definitions.
- Sec. 202. Authority and tiers.
- Sec. 203. Subtiers.
- Sec. 204. Assessment administration.

Subtitle B—Asbestos Insurers Commission

- Sec. 210. Definition.
- Sec. 211. Establishment of Asbestos Insurers Commission.
- Sec. 212. Duties of Asbestos Insurers Commission.
- Sec. 213. Powers of Asbestos Insurers Commission.
- Sec. 214. Personnel matters.
- Sec. 215. Termination of Asbestos Insurers Commission.
- Sec. 216. Expenses and costs of Commission.

Subtitle C—Asbestos Injury Claims Resolution Fund

- Sec. 221. Establishment of Asbestos Injury Claims Resolution Fund.
- Sec. 222. Management of the Fund.
- Sec. 223. Enforcement of payment obligations.
- Sec. 224. Interest on underpayment or nonpayment.

TITLE III—JUDICIAL REVIEW

- Sec. 301. Judicial review of rules and regulations.
- Sec. 302. Judicial review of award decisions.
- Sec. 303. Judicial review of participants' assessments.
- Sec. 304. Other judicial challenges.
- Sec. 305. Stays, exclusivity, and constitutional review.

TITLE IV—MISCELLANEOUS PROVISIONS

- Sec. 401. False information.
- Sec. 402. Effect on bankruptcy laws.
- Sec. 403. Effect on other laws and existing claims.
- Sec. 404. Effect on insurance and reinsurance contracts.
- Sec. 405. Annual report of the Administrator.
- Sec. 406. Rules of construction relating to liability of the United States Government.
- Sec. 407. Rules of construction.
- Sec. 408. Violations of environmental and occupational health and safety requirements.
- Sec. 409. Nondiscrimination of health insurance.

TITLE V—ASBESTOS BAN

- Sec. 501. Prohibition on asbestos containing products.

1 **SEC. 2. FINDINGS AND PURPOSE.**

2 (a) FINDINGS.—Congress finds the following:

3 (1) A great number of Americans have been ex-  
4 posed to forms of asbestos that can have devastating  
5 health effects.

6 (2) Various injuries can be caused by exposure  
7 to some forms of asbestos, including pleural disease  
8 and some forms of cancer.

9 (3) The injuries caused by asbestos can have la-  
10 tency periods of up to 40 years, and even limited ex-

1       posure to some forms of asbestos may result in in-  
2       jury in some cases.

3               (4) Asbestos litigation has had a significant  
4       detrimental effect on the country's economy, driving  
5       companies into bankruptcy, diverting resources from  
6       those who are truly sick, and endangering jobs and  
7       pensions.

8               (5) The scope of the asbestos litigation crisis  
9       cuts across every State and virtually every industry.

10              (6) The United States Supreme Court has rec-  
11       ognized that Congress must act to create a more ra-  
12       tional asbestos claims system. In 1991, a Judicial  
13       Conference Ad Hoc Committee on Asbestos Litiga-  
14       tion, appointed by Chief Justice William Rehnquist,  
15       found that the "ultimate solution should be legisla-  
16       tion recognizing the national proportions of the  
17       problem . . . and creating a national asbestos dis-  
18       pute resolution scheme . . .". The Court found in  
19       1997 in *Amchem Products Inc. v. Windsor*, 521  
20       U.S. 591, 595 (1997), that "[t]he argument is sen-  
21       sibly made that a nationwide administrative claims  
22       processing regime would provide the most secure,  
23       fair, and efficient means of compensating victims of  
24       asbestos exposure." In 1999, the Court in *Ortiz v.*  
25       *Fibreboard Corp.*, 527 U.S. 819, 821 (1999), found

1 that the “elephantine mass of asbestos cases . . . de-  
2 fies customary judicial administration and calls for  
3 national legislation.” That finding was again recog-  
4 nized in 2003 by the Court in *Norfolk & Western*  
5 *Railway Co. v. Ayers*, 123 S.Ct. 1210 (2003).

6 (7) This crisis, and its significant effect on the  
7 health and welfare of the people of the United  
8 States, on interstate and foreign commerce, and on  
9 the bankruptcy system, compels Congress to exercise  
10 its power to regulate interstate commerce and create  
11 this legislative solution in the form of a national as-  
12 bestos injury claims resolution program to supersede  
13 all existing methods to compensate those injured by  
14 asbestos, except as specified in this Act.

15 (b) PURPOSE.—The purpose of this Act is to—

16 (1) create a privately funded, publicly adminis-  
17 tered fund to provide the necessary resources for a  
18 fair and efficient system to resolve asbestos injury  
19 claims that will provide compensation for legitimate  
20 present and future claimants of asbestos exposure as  
21 provided in this Act;

22 (2) provide compensation to those present and  
23 future victims based on the severity of their injuries,  
24 while establishing a system flexible enough to accom-  
25 modate individuals whose conditions worsens;

1           (3) relieve the Federal and State courts of the  
2           burden of the asbestos litigation; and

3           (4) increase economic stability by resolving the  
4           asbestos litigation crisis that has bankrupted compa-  
5           nies with asbestos liability, diverted resources from  
6           the truly sick, and endangered jobs and pensions.

7 **SEC. 3. DEFINITIONS.**

8           In this Act, the following definitions shall apply:

9           (1) **ADMINISTRATOR.**—The term “Adminis-  
10           trator” means the Administrator of the Office of As-  
11           bestos Disease Compensation appointed under sec-  
12           tion 101(b).

13           (2) **ASBESTOS.**—The term “asbestos” in-  
14           cludes—

15                   (A) chrysotile;

16                   (B) amosite;

17                   (C) crocidolite;

18                   (D) tremolite asbestos;

19                   (E) winchite asbestos;

20                   (F) richterite asbestos;

21                   (G) anthophyllite asbestos;

22                   (H) actinolite asbestos;

23                   (I) any of the minerals listed under sub-  
24           paragraphs (A) through (H) that has been  
25           chemically treated or altered, and any

1 asbestiform variety, type, or component thereof;  
2 and

3 (J) asbestos-containing material, such as  
4 asbestos-containing products, automotive or in-  
5 dustrial parts or components, equipment, im-  
6 provements to real property, and any other ma-  
7 terial that contains asbestos in any physical or  
8 chemical form.

9 (3) ASBESTOS CLAIM.—

10 (A) IN GENERAL.—The term “asbestos  
11 claim” means any claim, premised on any the-  
12 ory, allegation, or cause of action for damages  
13 or other relief presented in a civil action or  
14 bankruptcy proceeding, directly, indirectly, or  
15 derivatively arising out of, based on, or related  
16 to, in whole or part, the health effects of expo-  
17 sure to asbestos, including loss of consortium,  
18 wrongful death, and any derivative claim made  
19 by, or on behalf of, any exposed person or any  
20 representative, spouse, parent, child or other  
21 relative of any exposed person.

22 (B) EXCLUSION.—The term does not in-  
23 clude claims alleging damage or injury to tan-  
24 gible property, or claims for benefits under a

1 workers' compensation law or veterans' benefits  
2 program.

3 (4) ASBESTOS CLAIMANT.—The term “asbestos  
4 claimant” means an individual who files a claim  
5 under section 113.

6 (5) CIVIL ACTION.—The term “civil action”  
7 means all suits of a civil nature in State or Federal  
8 court, whether cognizable as cases at law or in eq-  
9 uity or in admiralty, but does not include an action  
10 relating to any workers' compensation law, or a pro-  
11 ceeding for benefits under any veterans' benefits  
12 program.

13 (6) COLLATERAL SOURCE COMPENSATION.—  
14 The term “collateral source compensation” means  
15 the compensation that the claimant received, or is  
16 entitled to receive, from a defendant or an insurer  
17 of that defendant, or compensation trust as a result  
18 of a judgment or settlement for an asbestos-related  
19 injury that is the subject of a claim filed under sec-  
20 tion 113.

21 (7) ELIGIBLE DISEASE OR CONDITION.—The  
22 term “eligible disease or condition” means, to the  
23 extent that the illness meets the medical criteria re-  
24 quirements established under subtitle C of title I, as-  
25 bestosis/pleural disease, severe asbestosis disease,



1       disabling asbestosis disease, mesothelioma, lung can-  
2       cer I, lung cancer II, lung cancer III, and other can-  
3       cers.

4               (8) FUND.—The term “Fund” means the As-  
5       bestos Injury Claims Resolution Fund established  
6       under section 221.

7               (9) INSURANCE RECEIVERSHIP PROCEEDING.—  
8       The term “insurance receivership proceeding” means  
9       any State proceeding with respect to a financially  
10      impaired or insolvent insurer or reinsurer including  
11      the liquidation, rehabilitation, conservation, super-  
12      vision or ancillary receivership of an insurer under  
13      State law.

14              (10) LAW.—The term “law” includes all law,  
15      judicial or administrative decisions, rules, regula-  
16      tions, or any other principle or action having the ef-  
17      fect of law.

18              (11) PARTICIPANT.—

19                      (A) IN GENERAL.—The term “participant”  
20      means any person subject to the funding re-  
21      quirements of title II, including—

22                              (i) any defendant participant subject  
23                              to liability for payments under subtitle A  
24                              of that title;

1           (ii) any insurer participant subject to  
2 a payment under subtitle B of that title;  
3 and

4           (iii) any successor in interest of a par-  
5 ticipant.

6 (B) EXCEPTION.—

7           (i) IN GENERAL.—A defendant partic-  
8 ipant shall not include any person pro-  
9 tected from any asbestos claim by reason  
10 of an injunction entered in connection with  
11 a plan of reorganization under chapter 11  
12 of title 11, United States Code, that has  
13 been confirmed by a duly entered order or  
14 judgment of a court that is no longer sub-  
15 ject to any appeal or judicial review, and  
16 the substantial consummation, as such  
17 term is defined in section 1101(2) of title  
18 11, United States Code, of such plan of re-  
19 organization has occurred.

20           (ii) APPLICABILITY.—Clause (i) shall  
21 not apply to a person who may be liable  
22 under subtitle A of title II based on prior  
23 asbestos expenditures related to asbestos  
24 claims that are not covered by an injunc-  
25 tion described under clause (i).

1 (12) PERSON.—The term “person”—

2 (A) means an individual, trust, firm, joint  
3 stock company, partnership, association, insur-  
4 ance company, reinsurance company, or cor-  
5 poration; and

6 (B) does not include the United States,  
7 any State or local government, or subdivision  
8 thereof, including school districts and any gen-  
9 eral or special function governmental unit es-  
10 tablished under State law.

11 (13) STATE.—The term “State” means any  
12 State of the United States and also includes the Dis-  
13 trict of Columbia, Commonwealth of Puerto Rico,  
14 the Northern Mariana Islands, the Virgin Islands,  
15 Guam, American Samoa, and any other territory or  
16 possession of the United States or any political sub-  
17 division of any of the entities under this paragraph.

18 (14) SUBSTANTIALLY CONTINUES.—The term  
19 “substantially continues” means that the business  
20 operations have not been significantly modified by  
21 the change in ownership.

22 (15) SUCCESSOR IN INTEREST.—The term  
23 “successor in interest” means any person that ac-  
24 quires assets, and substantially continues the busi-  
25 ness operations, of a participant. The factors to be

1 considered in determining whether a person is a suc-  
2 cessor in interest include—

3 (A) retention of the same facilities or loca-  
4 tion;

5 (B) retention of the same employees;

6 (C) maintaining the same job under the  
7 same working conditions;

8 (D) retention of the same supervisory per-  
9 sonnel;

10 (E) continuity of assets;

11 (F) production of the same product or  
12 offer of the same service;

13 (G) retention of the same name;

14 (H) maintenance of the same customer  
15 base;

16 (I) identity of stocks, stockholders, and di-  
17 rectors between the asset seller and the pur-  
18 chaser; or

19 (J) whether the successor holds itself out  
20 as continuation of previous enterprise, but ex-  
21 pressly does not include whether the person ac-  
22 tually knew of the liability of the participant  
23 under this Act.

24 (16) VETERANS' BENEFITS PROGRAM.—The  
25 term “veterans’ benefits program” means any pro-

1       gram for benefits in connection with military service  
2       administered by the Veterans' Administration under  
3       title 38, United States Code.

4               (17) WORKERS' COMPENSATION LAW.—The  
5       term “workers' compensation law”—

6               (A) means a law respecting a program ad-  
7       ministered by a State or the United States to  
8       provide benefits, funded by a responsible em-  
9       ployer or its insurance carrier, for occupational  
10      diseases or injuries or for disability or death  
11      caused by occupational diseases or injuries;

12              (B) includes the Longshore and Harbor  
13      Workers' Compensation Act (33 U.S.C. 901 et  
14      seq.) and chapter 81 of title 5, United States  
15      Code; and

16              (C) does not include the Act of April 22,  
17      1908 (45 U.S.C. 51 et seq.), commonly known  
18      as the Federal Employers' Liability Act, or  
19      damages recovered by any employee in a liabil-  
20      ity action against an employer.

1       **TITLE I—ASBESTOS CLAIMS**  
2                   **RESOLUTION**  
3       **Subtitle A—Office of Asbestos**  
4                   **Disease Compensation**

5   **SEC. 101. ESTABLISHMENT OF OFFICE OF ASBESTOS DIS-**  
6                   **EASE COMPENSATION.**

7       (a) IN GENERAL.—

8           (1) ESTABLISHMENT.—There is established  
9       within the Department of Labor the Office of Asbes-  
10      tos Disease Compensation (hereinafter referred to in  
11      this Act as the “Office”), which shall be headed by  
12      an Administrator.

13          (2) PURPOSE.—The purpose of the Office is to  
14      provide timely, fair compensation, in the amounts  
15      and under the terms specified in this Act, on a no-  
16      fault basis and in a non-adversarial manner, to indi-  
17      viduals whose health has been adversely affected by  
18      exposure to asbestos.

19          (3) EXPENSES.—There shall be available from  
20      the Asbestos Injury Claims Resolution Fund to the  
21      Administrator such sums as are necessary for the  
22      administrative expenses of the Office, including the  
23      sums necessary for conducting the studies provided  
24      for in section 121(e).

25      (b) APPOINTMENT OF ADMINISTRATOR.—

1           (1) IN GENERAL.—The Administrator of the  
2 Office of Asbestos Disease Compensation shall be  
3 appointed by the President, by and with the advice  
4 and consent of the Senate. The Administrator shall  
5 serve for a term of 5 years.

6           (2) REPORTING.—The Administrator shall re-  
7 port directly to the Assistant Secretary of Labor for  
8 the Employment Standards Administration.

9           (c) DUTIES OF ADMINISTRATOR.—

10           (1) IN GENERAL.—The Administrator shall be  
11 responsible for—

12                   (A) processing claims for compensation for  
13 asbestos-related injuries and paying compensa-  
14 tion to eligible claimants under the criteria and  
15 procedures established under title I;

16                   (B) determining, levying, and collecting as-  
17 sessments on participants under title II;

18                   (C) appointing or contracting for the serv-  
19 ices of such personnel, making such expendi-  
20 tures, and taking any other actions as may be  
21 necessary and appropriate to carry out the re-  
22 sponsibilities of the Office, including entering  
23 into cooperative agreements with other Federal  
24 agencies or State agencies and entering into  
25 contracts with non-governmental entities;

1 (D) conducting such audits and additional  
2 oversight as necessary to assure the integrity of  
3 the program;

4 (E) managing the Asbestos Injury Claims  
5 Resolution Fund established under section 221,  
6 including—

7 (i) administering, in a fiduciary capac-  
8 ity, the assets of the Fund for the exclu-  
9 sive purpose of providing benefits to asbes-  
10 tos claimants and their beneficiaries;

11 (ii) defraying the reasonable expenses  
12 of administering the Fund;

13 (iii) investing the assets of the Fund  
14 in accordance with section 222(b);

15 (iv) retaining advisers, managers, and  
16 custodians who possess the necessary fa-  
17 cilities and expertise to provide for the  
18 skilled and prudent management of the  
19 Fund, to assist in the development, imple-  
20 mentation and maintenance of the Fund's  
21 investment policies and investment activi-  
22 ties, and to provide for the safekeeping and  
23 delivery of the Fund's assets; and

24 (v) borrowing amounts authorized by  
25 section 221(b) on appropriate terms and



1 conditions, including pledging the assets of  
2 or payments to the Fund as collateral;

3 (F) promulgating such rules, regulations,  
4 and procedures as may be necessary and appro-  
5 priate to implement the provisions of this Act;

6 (G) making such expenditures as may be  
7 necessary and appropriate in the administration  
8 of this Act;

9 (H) excluding evidence and disqualifying or  
10 debarring any attorney, physician, provider of  
11 medical or diagnostic services, including labora-  
12 tories and others who provide evidence in sup-  
13 port of a claimant's application for compensa-  
14 tion where the Administrator determines that  
15 materially false, fraudulent or fictitious state-  
16 ments or practices have been submitted or en-  
17 gaged in by such individuals or entities; and

18 (I) having all other powers incidental, nec-  
19 essary, or appropriate to carrying out the func-  
20 tions of the Office.

21 (2) CERTAIN ENFORCEMENTS.—For each in-  
22 fraction relating to paragraph (1)(H), the Adminis-  
23 trator also may impose a civil penalty not to exceed  
24 \$10,000 on any person or entity found to have sub-  
25 mitted or engaged in a materially false, fraudulent

1 or fictitious statement or practice under this Act.  
2 The Administrator shall prescribe appropriate regu-  
3 lations to implement paragraph (1)(H).

4 (3) SELECTION OF DEPUTY ADMINISTRA-  
5 TORS.—The Administrator shall select a Deputy Ad-  
6 ministrator for Claims Administration to carry out  
7 the Administrator’s responsibilities under this title  
8 and a Deputy Administrator for Fund Management  
9 to carry out the Administrator’s responsibilities  
10 under title II of this Act. The Deputy Administra-  
11 tors shall report directly to the Administrator and  
12 shall be in the Senior Executive Service.

13 (d) EXPEDITIOUS DETERMINATIONS.—The Adminis-  
14 trator shall prescribe rules to expedite claims for asbestos  
15 claimants with exigent circumstances.

16 (e) AUDIT AND PERSONNEL REVIEW PROCE-  
17 DURES.—The Administrator shall establish audit and per-  
18 sonnel review procedures for evaluating the accuracy of  
19 eligibility recommendations of agency and contract per-  
20 sonnel.

21 (f) APPLICATION OF FOIA.—

22 (1) IN GENERAL.—Section 552 of title 5,  
23 United States Code (commonly referred to as the  
24 Freedom of Information Act) shall apply to the Of-

1        fice of Asbestos Disease Compensation and the As-  
2        bestos Insurers Commission.

3            (2) CONFIDENTIALITY.—Any person may des-  
4        ignate any record submitted under this section as a  
5        confidential commercial or financial record for pur-  
6        poses of section 552 of title 5, United States Code.  
7        The Administrator and the Chairman of the Asbes-  
8        tos Insurers Commission shall adopt procedures for  
9        designating such records as confidential. Information  
10       on reserves and asbestos-related liabilities submitted  
11       by any participant for the purpose of the allocation  
12       of payments under subtitles A and B of title II shall  
13       be deemed to be confidential financial records.

14 **SEC. 102. ADVISORY COMMITTEE ON ASBESTOS DISEASE**  
15            **COMPENSATION.**

16        (a) ESTABLISHMENT.—

17            (1) IN GENERAL.—Not later than 120 days  
18        after the date of enactment of this Act, the Adminis-  
19        trator shall establish an Advisory Committee on As-  
20        bestos Disease Compensation (hereinafter the “Advi-  
21        sory Committee”).

22            (2) COMPOSITION AND APPOINTMENT.—The  
23        Advisory Committee shall be composed of 24 mem-  
24        bers, appointed as follows—

1           (A) The Majority and Minority Leaders of  
2 the Senate, the Speaker of the House, and the  
3 Minority Leader of the House shall each ap-  
4 point 4 members. Of the 4—

5           (i) 2 shall be selected to represent the  
6 interests of claimants, at least 1 of whom  
7 shall be selected from among individuals  
8 recommended by recognized national labor  
9 federations; and

10          (ii) 2 shall be selected to represent the  
11 interests of participants, 1 of whom shall  
12 be selected to represent the interests of the  
13 insurer participants and 1 of whom shall  
14 be selected to represent the interests of the  
15 defendant participants.

16          (B) The Administrator shall appoint 8  
17 members, who shall be individuals with quali-  
18 fications and expertise in occupational or pul-  
19 monary medicine, occupational health, workers  
20 compensation programs, financial administra-  
21 tion, investment of funds, program auditing, or  
22 other relevant fields.

23          (3) QUALIFICATIONS.—All of the members de-  
24 scribed in paragraph (2) shall have expertise or ex-  
25 perience relevant to the asbestos compensation pro-

1       gram, including experience or expertise in diagnosing  
2       asbestos-related diseases and conditions, assessing  
3       asbestos exposure and health risks, filing asbestos  
4       claims, or administering a compensation or insur-  
5       ance program. None of the members described in  
6       paragraph (2)(B) shall be individuals who, for each  
7       of the 5 years before their appointments, earned  
8       more than 25 percent of their income by serving in  
9       matters related to asbestos litigation as consultants  
10      or expert witnesses.

11      (b) DUTIES.—The Advisory Committee shall advise  
12      the Administrator on—

13           (1) claims filing and claims processing proce-  
14           dures;

15           (2) claimant assistance programs;

16           (3) audit procedures and programs to ensure  
17           the quality and integrity of the compensation pro-  
18           gram;

19           (4) the development of a list of industries, occu-  
20           pations and time periods for which there is a pre-  
21           sumption of substantial occupational exposure to as-  
22           bestos;

23           (5) recommended analyses or research that  
24           should be conducted to evaluate past claims and to  
25           project future claims under the program;

1           (6) the annual report required to be submitted  
2 to Congress under section 405; and

3           (7) such other matters related to the implemen-  
4 tation of this Act as the Administrator considers ap-  
5 propriate.

6           (c) OPERATION OF THE COMMITTEE.—

7           (1) Each member of the Advisory Committee  
8 shall be appointed for a term of 3 years, except that,  
9 of the members first appointed—

10                   (A) 8 shall be appointed for a term of 1  
11 year;

12                   (B) 8 shall be appointed for a term of 2  
13 years; and

14                   (C) 8 shall be appointed for a term of 3  
15 years,

16 as determined by the Administrator at the time of  
17 appointment.

18           (2) Any member appointed to fill a vacancy oc-  
19 ccurring before the expiration of the term shall be ap-  
20 pointed only for the remainder of such term.

21           (3) The Administrator shall designate a Chair-  
22 person and Vice Chairperson from among members  
23 of the Advisory Committee appointed under sub-  
24 section (a)(2)(B).

1           (4) The Advisory Committee shall meet at the  
2 call of the Chairperson or the majority of its mem-  
3 bers, and at a minimum shall meet at least 4 times  
4 per year during the first 5 years of the asbestos  
5 compensation program, and at least 2 times per year  
6 thereafter.

7           (5) The Administrator shall provide to the  
8 Committee such information as is necessary and ap-  
9 propriate for the Committee to carry out its respon-  
10 sibilities under this section. The Administrator may,  
11 upon request of the Advisory Committee, secure di-  
12 rectly from any Federal department or agency such  
13 information as may be necessary and appropriate to  
14 enable the Advisory Committee to carry out its du-  
15 ties under this section. Upon request of the Admin-  
16 istrator, the head of such department or agency  
17 shall furnish such information to the Advisory Com-  
18 mittee.

19           (6) The Administrator shall provide the Advi-  
20 sory Committee with such administrative support as  
21 is reasonably necessary to enable it to perform its  
22 functions.

23           (d) EXPENSES.—Members of the Advisory Com-  
24 mittee, other than full-time employees of the United  
25 States, while attending meetings of the Advisory Com-

1 mittee or while otherwise serving at the request of the Ad-  
2 ministrator, and while serving away from their homes or  
3 regular places of business, shall be allowed travel and meal  
4 expenses, including per diem in lieu of subsistence, as au-  
5 thorized by section 5703 of title 5, United States Code,  
6 for individuals in the Government serving without pay.

7 **SEC. 103. MEDICAL ADVISORY COMMITTEE.**

8 (a) IN GENERAL.—The Administrator may establish  
9 a Medical Advisory Committee to provide expert advice re-  
10 garding medical issues arising under the statute.

11 (b) QUALIFICATIONS.—None of the members of the  
12 Medical Advisory Committee shall be individuals who, for  
13 each of the 5 years before their appointments, earned  
14 more than 25 percent of their income by serving in mat-  
15 ters related to asbestos litigation as consultants or expert  
16 witnesses.

17 **SEC. 104. CLAIMANT ASSISTANCE.**

18 (a) ESTABLISHMENT.—Not later than 180 days after  
19 the enactment of this Act, the Administrator shall estab-  
20 lish a comprehensive asbestos claimant assistance program  
21 to—

22 (1) publicize and provide information to poten-  
23 tial claimants about the availability of benefits for  
24 eligible claimants under this Act, and the procedures



1 for filing claims and for obtaining assistance in fil-  
2 ing claims;

3 (2) provide assistance to potential claimants in  
4 preparing and submitting claims, including assist-  
5 ance in obtaining the documentation necessary to  
6 support a claim;

7 (3) respond to inquiries from claimants and po-  
8 tential claimants; and

9 (4) provide training with respect to the applica-  
10 ble procedures for the preparation and filing of  
11 claims to persons who provide assistance or rep-  
12 resentation to claimants.

13 (b) RESOURCE CENTERS.—The claimant assistance  
14 program shall provide for the establishment of resource  
15 centers in areas where there are determined to be large  
16 concentrations of potential claimants. These centers shall  
17 be located, to the extent feasible, in facilities of the De-  
18 partment of Labor or other Federal agencies.

19 (c) CONTRACTS.—The claimant assistance program  
20 may be carried out in part through contracts with labor  
21 organizations, community-based organizations, and other  
22 entities which represent or provide services to potential  
23 claimants, except that such organizations may not have  
24 a financial interest in the outcome of claims filed with the  
25 Office.

1 (d) LEGAL ASSISTANCE.—

2 (1) IN GENERAL.—As part of the program es-  
3 tablished under subsection (a), the Administrator  
4 shall establish a legal assistance program to provide  
5 assistance to asbestos claimants concerning legal  
6 representation issues.

7 (2) LIST OF QUALIFIED ATTORNEYS.—As part  
8 of the program, the Administrator shall maintain a  
9 roster of qualified attorneys who have agreed to pro-  
10 vide pro bono services to asbestos claimants under  
11 rules established by the Administrator. The claim-  
12 ants shall not be required to use the attorneys listed  
13 on such roster.

14 (3) NOTICE.—

15 (A) NOTICE BY ADMINISTRATOR.—The  
16 Administrator shall provide asbestos claimants  
17 with notice of, and information relating to—

18 (i) pro bono services for legal assist-  
19 ance available to those claimants; and

20 (ii) any limitations on attorneys fees  
21 for claims filed under this title.

22 (B) NOTICE BY ATTORNEYS.—Before a  
23 person becomes a client of an attorney with re-  
24 spect to an asbestos claim that attorney shall

1 provide notice to that person of pro bono serv-  
2 ices for legal assistance available for that claim.

3 (e) ATTORNEY'S FEES.—

4 (1) IN GENERAL.—Notwithstanding any con-  
5 tract, the representative of an individual may not re-  
6 ceive, for services rendered in connection with the  
7 claim of an individual under this Act, more than  
8 that percentage specified in paragraph (2) of an  
9 award made under this Act on such claim.

10 (2) APPLICABLE PERCENTAGE LIMITATIONS.—

11 (A) IN GENERAL.—The percentage limita-  
12 tion under paragraph (1) shall be—

13 (i) 2 percent for the filing of an initial  
14 claim; and

15 (ii) 10 percent with respect to any  
16 claim under appellate review.

17 (B) EXCEPTION.—The Administrator may  
18 by rule adopt a lower percentage limitation for  
19 particular classes of cases if the Administrator  
20 finds that—

21 (i) the percentage limitation otherwise  
22 applicable under this paragraph would re-  
23 sult in unreasonably high compensation to  
24 claimants' representatives in such cases;  
25 and

1                   (ii) such lower percentage limitation  
2                   would be reasonable and would not unduly  
3                   limit the availability of representatives to  
4                   claimants.

5                   (3) PENALTY.—Any representative of an asbes-  
6                   tos claimant who violates this subsection shall be  
7                   fined not more than \$5,000.

8 **SEC. 105. PHYSICIANS PANELS.**

9                   (a) APPOINTMENT.—The Administrator shall, in ac-  
10                  cordance with section 3109 of title 5, United States Code,  
11                  appoint physicians with experience and competency in di-  
12                  agnosing asbestos-related diseases to be available to serve  
13                  on Physicians Panels as necessary to carry out this Act.

14                  (b) FORMATION OF PANELS.—

15                         (1) IN GENERAL.—The Administrator shall pe-  
16                         riodically determine—

17                                 (A) the number of Physicians Panels nec-  
18                                 essary for the efficient conduct of the medical  
19                                 review process under section 121;

20                                 (B) the number of Physicians Panels nec-  
21                                 essary for the efficient conduct of the excep-  
22                                 tional medical claims process under section 121;  
23                                 and

24                                 (C) the particular expertise necessary for  
25                                 each panel.

1           (2) EXPERTISE.—Each panel shall be composed  
2 of members having the particular expertise deter-  
3 mined necessary by the Administrator, randomly se-  
4 lected from among the physicians appointed under  
5 subsection (a) having such expertise.

6           (3) PANEL MEMBERS.—Each panel shall consist  
7 of 3 physicians, 2 of whom shall be designated to  
8 participate in each case submitted to the panel, and  
9 the third of whom shall be consulted in the event of  
10 disagreement.

11          (c) QUALIFICATIONS.—To be eligible to serve on a  
12 Physicians Panel under subsection (a), a person shall be—

13           (1) a physician licensed in any State;

14           (2) board-certified in pulmonary medicine, occu-  
15 pational medicine, internal medicine, oncology, or  
16 pathology; and

17           (3) an individual who, for each of the 5 years  
18 before and during his or her appointment to a Phy-  
19 sicians Panel, has earned no more than 25 percent  
20 of his or her income as an employee of a partici-  
21 pating defendant or insurer or a law firm rep-  
22 resenting any party in asbestos litigation or as a  
23 consultant or expert witness in matters related to  
24 asbestos litigation.

1 (d) DUTIES.—Members of the Physicians Panel  
2 shall—

3 (1) make such medical determinations as are  
4 required to be made by Physicians Panels under sec-  
5 tion 121; and

6 (2) perform such other functions as required  
7 under this Act.

8 (e) COMPENSATION.—Notwithstanding any limitation  
9 otherwise established under section 3109 of title 5, United  
10 States Code, the Administrator shall be authorized to pay  
11 members of the Physician Panel such compensation as is  
12 reasonably necessary to obtain their services.

13 (f) FEDERAL ADVISORY COMMITTEE ACT.—A panel  
14 established under this section shall not be subject to the  
15 Federal Advisory Committee Act (5 U.S.C. App. 2).

16 **SEC. 106. PROGRAM STARTUP.**

17 (a) INTERIM REGULATIONS.—Not later than 90 days  
18 after the enactment of this Act, the Administrator shall  
19 promulgate interim regulations and procedures for the  
20 processing of claims under title I and the operation of the  
21 Fund under title II, including procedures for the expe-  
22 diting of exigent claims.

23 (b) INTERIM PERSONNEL.—The Secretary of Labor  
24 and the Assistant Secretary of Labor for the Employment  
25 Standards Administration may make available to the Ad-

1 administrator on a temporary basis such personnel and other  
2 resources as may be necessary to facilitate the expeditious  
3 startup of the program. The Administrator may in addi-  
4 tion contract with individuals or entities having relevant  
5 experience to assist in the expeditious startup of the pro-  
6 gram. Such relevant experience shall include, but not be  
7 limited to, experience with the review of workers' com-  
8 pensation, occupational disease, or similar claims and with  
9 financial matters relevant to the operation of the program.

10 (c) EXIGENT HEALTH CLAIMS.—

11 (1) IN GENERAL.—The Administrator shall de-  
12 velop procedures to provide for an expedited process  
13 to categorize, evaluate, and pay exigent health  
14 claims. Such procedures shall include, pending pro-  
15 mulgation of final regulations, adoption of interim  
16 regulations as needed for processing of exigent  
17 claims.

18 (2) ELIGIBLE EXIGENT HEALTH CLAIMS.—A  
19 claim shall qualify for treatment as an exigent  
20 health claim if the claimant is living and the claim-  
21 ant provides—

22 (A) documentation that a physician has di-  
23 agnosed the claimant as having mesothelioma;  
24 or

1           (B) a declaration or affidavit, from a phy-  
2           sician who has examined the claimant within  
3           120 days before the date of such declaration or  
4           affidavit, that the physician has diagnosed the  
5           claimant as being terminally ill from an asbes-  
6           tos-related illness and having a life expectancy  
7           of less than 1 year.

8           (3) ADDITIONAL EXIGENT HEALTH CLAIMS.—  
9           The Administrator may, in final regulations promul-  
10          gated under section 101(c), designate additional cat-  
11          egories of claims that qualify as exigent health  
12          claims under this subsection.

13          (d) EXTREME FINANCIAL HARDSHIP CLAIMS.—The  
14          Administrator may, in final regulations promulgated  
15          under section 101(c), designate categories of claims to be  
16          handled on an expedited basis as a result of extreme finan-  
17          cial hardship.

18          (e) INTERIM ADMINISTRATOR.—Until an Adminis-  
19          trator is appointed and confirmed under section 101(b),  
20          the responsibilities of the Administrator under this Act  
21          shall be performed by the Assistant Secretary of Labor  
22          for the Employment Standards Administration, who shall  
23          have all the authority conferred by this Act on the Admin-  
24          istrator and who shall be deemed to be the Administrator  
25          for purposes of this Act. Before final regulations being



1 promulgated relating to claims processing, the Interim Ad-  
2 ministrator may prioritize claims processing, without re-  
3 gard to the time requirements prescribed in subtitle B of  
4 this title, based on severity of illness and likelihood that  
5 the illness in question was caused by exposure to asbestos.

6 **SEC. 107. AUTHORITY OF THE ADMINISTRATOR.**

7 The Administrator, on any matter within the jurisdic-  
8 tion of the Administrator under this Act, may—

- 9 (1) issue subpoenas for and compel the attend-  
10 ance of witnesses within a radius of 100 miles;  
11 (2) administer oaths;  
12 (3) examine witnesses; and  
13 (4) require the production of books, papers,  
14 documents, and other evidence.

15 **Subtitle B—Asbestos Disease**  
16 **Compensation Procedures**

17 **SEC. 111. ESSENTIAL ELEMENTS OF ELIGIBLE CLAIM.**

18 To be eligible for an award under this Act for an as-  
19 bestos-related disease or injury, an individual shall—

- 20 (1) file a claim in a timely manner in accord-  
21 ance with section 113; and  
22 (2) prove, by a preponderance of the evidence,  
23 that the claimant suffers from an eligible disease or  
24 condition, as demonstrated by evidence that meets  
25 the requirements established under subtitle C.

1 **SEC. 112. GENERAL RULE CONCERNING NO-FAULT COM-**  
2 **PENSATION.**

3 An asbestos claimant shall not be required to dem-  
4 onstrate that the asbestos-related injury for which the  
5 claim is being made resulted from the negligence or other  
6 fault of any other person.

7 **SEC. 113. FILING OF CLAIMS.**

8 (a) WHO MAY SUBMIT.—

9 (1) IN GENERAL.—Any individual who has suf-  
10 fered from a disease or condition that is believed to  
11 meet the requirements established under subtitle C  
12 (or the personal representative of the individual, if  
13 the individual is deceased) may file a claim with the  
14 Office for an award with respect to such injury.

15 (2) DEFINITION.—In this Act, the term “per-  
16 sonal representative” shall have the same meaning  
17 as that term is defined in section 104.4 of title 28  
18 of the Code of Federal Regulations, as in effect De-  
19 cember 31, 2003.

20 (3) LIMITATION.—A claim may not be filed by  
21 any person seeking contribution or indemnity.

22 (b) STATUTE OF LIMITATIONS.—

23 (1) IN GENERAL.—Except as provided in para-  
24 graphs (2) and (3), if an individual fails to file a  
25 claim with the Office under this section within 4  
26 years after the date on which the individual first—

1 (A) received a medical diagnosis of an eli-  
2 gible disease or condition as provided for under  
3 this subtitle and subtitle C; or

4 (B) discovered facts that would have led a  
5 reasonable person to obtain a medical diagnosis  
6 with respect to an eligible disease or condition,  
7 any claim relating to that injury, and any other as-  
8 bestos claim related to that injury, shall be extin-  
9 guished, and any recovery thereon shall be prohib-  
10 ited.

11 (2) EFFECT ON PENDING CLAIMS.—If an asbes-  
12 tos claimant has any timely filed asbestos claim that  
13 is pending in a Federal or State court or with a  
14 trust established under title 11, United States Code,  
15 on the date of enactment of this Act, such claimant  
16 shall file a claim under this section within 4 years  
17 after such date of enactment or be barred from re-  
18 ceiving any award under this title. For purposes of  
19 this paragraph, a claim shall not be treated as pend-  
20 ing with a trust established under title 11, United  
21 States Code, solely because a claimant whose claim  
22 was previously compensated by the trust has or al-  
23 leges—

24 (A) a non-contingent right to the payment  
25 of future installments of a fixed award; or

1 (B) a contingent right to recover some ad-  
2 ditional amount from the trust on the occur-  
3 rence of a future event, such as the reevaluation  
4 of the trust's funding adequacy or projected  
5 claims experience.

6 (3) EFFECT OF MULTIPLE INJURIES.—

7 (A) IN GENERAL.—An asbestos claimant  
8 who receives an award under this title for an el-  
9 igible disease or condition, and who subse-  
10 quently develops another such injury, shall be  
11 eligible for additional awards under this title  
12 (subject to appropriate setoffs for such prior re-  
13 covery of any award under this title and from  
14 any other collateral source) and the statute of  
15 limitations under paragraph (1) shall not begin  
16 to run with respect to such subsequent injury  
17 until such claimant obtains a medical diagnosis  
18 of such other injury or discovers facts that  
19 would have led a reasonable person to obtain  
20 such a diagnosis.

21 (B) SETOFFS.—Except as provided in sub-  
22 paragraph (C), any amounts paid or to be paid  
23 for a prior award under this Act shall be de-  
24 ducted as a setoff against amounts payable for  
25 the second injury claim.

1           (C) EXCEPTION.—Any amounts paid or to  
2           be paid for a prior claim for a non-malignant  
3           disease (Levels I through V) filed against the  
4           Fund shall not be deducted as a setoff against  
5           amounts payable for the second injury claim for  
6           a malignant disease (Levels VI through X), un-  
7           less the malignancy was diagnosed, or the as-  
8           bestos claimant had discovered facts that would  
9           have led a reasonable person to obtain such a  
10          diagnosis, before the date on which the non-ma-  
11          lignancy claim was compensated.

12          (c) REQUIRED INFORMATION.—A claim filed under  
13          subsection (a) shall be in such form, and contain such in-  
14          formation in such detail, as the Administrator shall by  
15          regulation prescribe. At a minimum, a claim shall in-  
16          clude—

17               (1) the name, social security number, gender,  
18               date of birth, and, if applicable, date of death of the  
19               claimant;

20               (2) information relating to the identity of de-  
21               pendents and beneficiaries of the claimant;

22               (3) a complete employment history of the claim-  
23               ant, accompanied by social security records or a  
24               signed release permitting access to such records;

1           (4) a description of the asbestos exposure of the  
2 claimant, including, to the extent known, informa-  
3 tion on the site, or location of exposure, and dura-  
4 tion and intensity of exposure;

5           (5) a description of the tobacco product use his-  
6 tory of the claimant, including frequency and dura-  
7 tion;

8           (6) an identification and description of the as-  
9 bestos-related diseases or conditions of the claimant,  
10 accompanied by a written report by the claimant's  
11 physician with medical diagnoses and x-ray films,  
12 and other test results necessary to establish eligi-  
13 bility for an award under this Act;

14           (7) a description of any prior or pending civil  
15 action or other claim brought by the claimant for as-  
16 bestos-related injury or any other pulmonary, paren-  
17 chymal or pleural injury, including an identification  
18 of any recovery of compensation or damages through  
19 settlement, judgment, or otherwise; and

20           (8) for any claimant who asserts that he or she  
21 is a nonsmoker or an ex-smoker, as defined in sec-  
22 tion 131, for purposes of an award under Malignant  
23 Level VI, Malignant Level VII, Malignant Level  
24 VIII, or Malignant Level IX, evidence to support the

1       assertion of nonsmoking or ex-smoking, including  
2       relevant medical records.

3       (d) DATE OF FILING.—A claim shall be considered  
4       to be filed on the date that the claimant mails the claim  
5       to the Office, as determined by postmark, or on the date  
6       that the claim is received by the Office, whichever is the  
7       earliest determinable date.

8       (e) INCOMPLETE CLAIMS.—If a claim filed under  
9       subsection (a) is incomplete, the Administrator shall notify  
10      the claimant of the information necessary to complete the  
11      claim and inform the claimant of such services as may  
12      be available through the Claimant Assistance Program es-  
13      tablished under section 104 to assist the claimant in com-  
14      pleting the claim. Any time periods for the processing of  
15      the claim shall be suspended until such time as the claim-  
16      ant submits the information necessary to complete the  
17      claim. If such information is not received within 1 year  
18      after the date of such notification, the claim shall be dis-  
19      missed.

20      **SEC. 114. ELIGIBILITY DETERMINATIONS AND CLAIM**  
21    **AWARDS.**

22             (a) IN GENERAL.—

23                     (1) REVIEW OF CLAIMS.—The Administrator  
24                     shall, in accordance with this section, determine  
25                     whether each claim filed under this Act satisfies the

1 requirements for eligibility for an award under this  
2 Act and, if so, the value of the award. In making  
3 such determinations, the Administrator shall con-  
4 sider the claim presented by the claimant, the fac-  
5 tual and medical evidence submitted by the claimant  
6 in support of the claim, the medical determinations  
7 of any Physicians Panel to which a claim is referred  
8 under section 121, and the results of such investiga-  
9 tion as the Administrator may deem necessary to de-  
10 termine whether the claim satisfies the criteria for  
11 eligibility established by this Act.

12 (2) ADDITIONAL EVIDENCE.—The Adminis-  
13 trator may request the submission of medical evi-  
14 dence in addition to the minimum requirements of  
15 section 113(c) if necessary or appropriate to make  
16 a determination of eligibility for an award, in which  
17 case the cost of obtaining such additional informa-  
18 tion or testing shall be borne by the Office.

19 (b) PROPOSED DECISIONS.—Not later than 90 days  
20 after the filing of a claim, the Administrator shall provide  
21 to the claimant (and the claimant's representative) a pro-  
22 posed decision accepting or rejecting the claim in whole  
23 or in part and specifying the amount of the proposed  
24 award, if any. The proposed decision shall be in writing,  
25 shall contain findings of fact and conclusions of law, and



1 shall contain an explanation of the procedure for obtaining  
2 review of the proposed decision.

3 (c) REVIEW OF PROPOSED DECISIONS.—

4 (1) RIGHT TO HEARING.—

5 (A) IN GENERAL.—Any claimant not satis-  
6 fied with a proposed decision of the Adminis-  
7 trator under subsection (b) shall be entitled, on  
8 written request made within 90 days after the  
9 date of the issuance of the decision, to a hear-  
10 ing on the claim of that claimant before a rep-  
11 resentative of the Administrator. At the hear-  
12 ing, the claimant shall be entitled to present  
13 oral evidence and written testimony in further  
14 support of that claim.

15 (B) CONDUCT OF HEARING.—When prac-  
16 ticable, the hearing will be set at a time and  
17 place convenient for the claimant. In conducting  
18 the hearing, the representative of the Adminis-  
19 trator shall not be bound by common law or  
20 statutory rules of evidence, by technical or for-  
21 mal rules of procedure, or by section 554 of  
22 title 5, United States Code, except as provided  
23 by this Act, but shall conduct the hearing in  
24 such manner as to best ascertain the rights of  
25 the claimant. For this purpose, the representa-

1           tive shall receive such relevant evidence as the  
2           claimant adduces and such other evidence as  
3           the representative determines necessary or use-  
4           ful in evaluating the claim.

5           (C) REQUEST FOR SUBPOENAS.—

6           (i) IN GENERAL.—A claimant may re-  
7           quest a subpoena but the decision to grant  
8           or deny such a request is within the discre-  
9           tion of the representative of the Adminis-  
10          trator. The representative may issue sub-  
11          poenas for the attendance and testimony of  
12          witnesses, and for the production of books,  
13          records, correspondence, papers or other  
14          relevant documents. Subpoenas are issued  
15          for documents only if they are relevant and  
16          cannot be obtained by other means, and  
17          for witnesses only where oral testimony is  
18          the best way to ascertain the facts.

19          (ii) REQUEST.—A claimant may re-  
20          quest a subpoena only as part of the hear-  
21          ing process. To request a subpoena, the re-  
22          quester shall—

23                  (I) submit the request in writing  
24                  and send it to the representative as  
25                  early as possible, but no later than 30

1 days after the date of the original  
2 hearing request; and

3 (II) explain why the testimony or  
4 evidence is directly relevant to the  
5 issues at hand, and a subpoena is the  
6 best method or opportunity to obtain  
7 such evidence because there are no  
8 other means by which the documents  
9 or testimony could have been ob-  
10 tained.

11 (iii) FEES AND MILEAGE.—Any per-  
12 son required by such subpoena to attend as  
13 a witness shall be allowed and paid the  
14 same fees and mileage as are paid wit-  
15 nesses in the district courts of the United  
16 States.

17 (2) REVIEW OF WRITTEN RECORD.—In lieu of  
18 a hearing under paragraph (1), any claimant not  
19 satisfied with a proposed decision of the Adminis-  
20 trator shall have the option, on written request made  
21 within 90 days after the date of the issuance of the  
22 decision, of obtaining a review of the written record  
23 by a representative of the Administrator. If such re-  
24 view is requested, the claimant shall be afforded an

1 opportunity to submit any written evidence or argu-  
2 ment which he or she believes relevant.

3 (d) FINAL DECISIONS.—

4 (1) IN GENERAL.—If the period of time for re-  
5 questing review of the proposed decision expires and  
6 no request has been filed, or if the claimant waives  
7 any objections to the proposed decision, the Admin-  
8 istrator shall issue a final decision. If such decision  
9 materially differs from the proposed decision, the  
10 claimant shall be entitled to review of the decision  
11 under subsection (c).

12 (2) TIME AND CONTENT.—If the claimant re-  
13 quests review of all or part of the proposed decision  
14 the Administrator shall issue a final decision on the  
15 claim not later than 180 days after the request for  
16 review is received, if the claimant requests a hearing,  
17 or not later than 90 days after the request for re-  
18 view is received, if the claimant requests review of  
19 the written record. Such decision shall be in writing  
20 and contain findings of fact and conclusions of law.

21 (e) REPRESENTATION.—A claimant may authorize  
22 an attorney or other individual to represent him or her  
23 in any proceeding under this Act.

24 **SEC. 115. MEDICAL EVIDENCE AUDITING PROCEDURES.**

25 (a) IN GENERAL.—

1           (1) DEVELOPMENT.—The Administrator shall  
2       develop methods for auditing and evaluating the  
3       medical evidence submitted as part of a claim. The  
4       Administrator may develop additional methods for  
5       auditing and evaluating other types of evidence or  
6       information received by the Administrator.

7           (2) REFUSAL TO CONSIDER CERTAIN EVI-  
8       DENCE.—

9           (A) IN GENERAL.—If the Administrator  
10       determines that an audit conducted in accord-  
11       ance with the methods developed under para-  
12       graph (1) demonstrates that the medical evi-  
13       dence submitted by a specific physician or med-  
14       ical facility is not consistent with prevailing  
15       medical practices or the applicable requirements  
16       of this Act, any medical evidence from such  
17       physician or facility shall be unacceptable for  
18       purposes of establishing eligibility for an award  
19       under this Act.

20           (B) NOTIFICATION.—Upon a determina-  
21       tion by the Administrator under subparagraph  
22       (A), the Administrator shall notify the physi-  
23       cian or medical facility involved of the results of  
24       the audit. Such physician or facility shall have

1 a right to appeal such determination under pro-  
2 cedures issued by the Administrator.

3 (b) REVIEW OF CERTIFIED B-READERS.—

4 (1) IN GENERAL.—At a minimum, the Adminis-  
5 trator shall prescribe procedures to randomly assign  
6 claims for evaluation by an independent certified B-  
7 reader of x-rays submitted in support of a claim, the  
8 cost of which shall be borne by the Office.

9 (2) DISAGREEMENT.—If an independent cer-  
10 tified B-reader assigned under paragraph (1) dis-  
11 agrees with the quality grading or ILO level as-  
12 signed to an x-ray submitted in support of a claim,  
13 the Administrator shall require a review of such x-  
14 rays by a second independent certified B-reader.

15 (3) EFFECT ON CLAIM.—If neither certified B-  
16 reader under paragraph (2) agrees with the quality  
17 grading and the ILO grade level assigned to an x-  
18 ray as part of the claim, the Administrator shall  
19 take into account the findings of the 2 independent  
20 B readers in making the determination on such  
21 claim.

22 (4) CERTIFIED B-READERS.—The Adminis-  
23 trator shall maintain a list of a minimum of 50 cer-  
24 tified B-readers eligible to participate in the inde-  
25 pendent reviews, chosen from all certified B-readers.

1       When an x-ray is sent for independent review, the  
2       Administrator shall choose the certified B-reader at  
3       random from that list.

4       (c) SMOKING ASSESSMENT.—

5           (1) IN GENERAL.—

6           (A) RECORDS AND DOCUMENTS.—To aid  
7           in the assessment of the accuracy of claimant  
8           representations as to their smoking status for  
9           purposes of determining eligibility and amount  
10          of award under Malignant Level VI, Malignant  
11          Level VII, Malignant Level VIII, Malignant  
12          Level IX, and exceptional medical claims, the  
13          Administrator shall have the authority to obtain  
14          relevant records and documents, including—

15                  (i) records of past medical treatment  
16                  and evaluation;

17                  (ii) affidavits of appropriate individ-  
18                  uals;

19                  (iii) applications for insurance and  
20                  supporting materials; and

21                  (iv) employer records of medical ex-  
22                  aminations.

23          (B) CONSENT.—The claimant shall provide  
24          consent for the Administrator to obtain such  
25          records and documents where required.

1           (2) REVIEW.—The frequency of review of  
2 records and documents submitted under paragraph  
3 (1)(A) shall be at the discretion of the Adminis-  
4 trator, but shall address at least 5 percent of the  
5 claimants asserting status as nonsmokers or ex-  
6 smokers.

7           (3) CONSENT.—The Administrator may require  
8 the performance of blood tests or any other appro-  
9 priate medical test where claimants assert they are  
10 nonsmokers or ex-smokers for purposes of an award  
11 under Malignant Level VI, Malignant Level VII,  
12 Malignant Level VIII, Malignant Level IX, or as an  
13 exceptional medical claim, the cost of which shall be  
14 borne by the Office.

15           (4) PENALTY FOR FALSE STATEMENTS.—Any  
16 false information submitted under this subsection  
17 shall be subject to criminal prosecution or civil pen-  
18 alties as provided under section 1348 of title 18,  
19 United States Code (as added by this Act) and sec-  
20 tion 101(c)(2).

## 21           **Subtitle C—Medical Criteria**

### 22   **SEC. 121. MEDICAL CRITERIA REQUIREMENTS.**

23           (a) DEFINITIONS.—In this section, the following defi-  
24 nitions shall apply:



1           (1) ASBESTOSIS DETERMINED BY PATHOL-  
2           OGY.—The term “asbestosis determined by pathol-  
3           ogy” means indications of asbestosis based on the  
4           pathological grading system for asbestosis described  
5           in the Special Issues of the Archives of Pathology  
6           and Laboratory Medicine, “Asbestos-associated Dis-  
7           eases”, Vol. 106, No. 11, App. 3 (October 8, 1982).

8           (2) BILATERAL ASBESTOS-RELATED NONMALIGNANT  
9           DISEASE.—The term “bilateral asbestos-re-  
10          lated nonmalignant disease” means a diagnosis of  
11          bilateral asbestos-related nonmalignant disease  
12          based on—

13                   (A) an x-ray reading of 1/0 or higher  
14                   based on the ILO grade scale;

15                   (B) bilateral pleural plaques;

16                   (C) bilateral pleural thickening; or

17                   (D) bilateral pleural calcification.

18          (3) BILATERAL PLEURAL DISEASE OF B2.—The  
19          term “bilateral pleural disease of B2” means a chest  
20          wall pleural thickening or plaque with a maximum  
21          width of at least 5 millimeters and a total length of  
22          at least  $\frac{1}{4}$  of the projection of the lateral chest wall.

23          (4) CERTIFIED B-READER.—The term “cer-  
24          tified B-reader” means an individual who is certified  
25          by the National Institute of Occupational Safety and

1 Health and whose certification by the National Insti-  
2 tute of Occupational Safety and Health is up to  
3 date.

4 (5) DIFFUSE PLEURAL THICKENING.—The  
5 term “diffuse pleural thickening” means blunting of  
6 either costophrenic angle and bilateral pleural plaque  
7 or bilateral pleural thickening.

8 (6) DLCO.—The term “DLCO” means the sin-  
9 gular-breath diffusing capacity of the lung (carbon  
10 monoxide) technique used to measure the volume of  
11 carbon monoxide transferred from the alveoli to  
12 blood in the pulmonary capillaries for each unit of  
13 driving pressure of the carbon monoxide.

14 (7) FEV1.—The term “FEV1” means forced  
15 expiratory volume (1 second), which is the maximal  
16 volume of air expelled in 1 second during perform-  
17 ance of the spirometric test for forced vital capacity.

18 (8) FVC.—The term “FVC” means forced vital  
19 capacity, which is the maximal volume of air expired  
20 with a maximally forced effort from a position of  
21 maximal inspiration.

22 (9) ILO GRADE.—The term “ILO grade”  
23 means the radiological ratings for the presence of  
24 lung changes as determined from a chest x-ray, all

1 as established from time to time by the International  
2 Labor Organization.

3 (10) LOWER LIMITS OF NORMAL.—The term  
4 “lower limits of normal” means the fifth percentile  
5 of healthy populations as defined in the American  
6 Thoracic Society statement on lung function testing  
7 (Amer. Rev. Resp. Disease 1991, 144:1202–1218)  
8 and any future revision of the same statement.

9 (11) NONSMOKER.—The term “nonsmoker”  
10 means that the claimant never smoked.

11 (12) PO<sub>2</sub>.—The term “PO<sub>2</sub>” means the partial  
12 pressure (tension) of oxygen, which measures the  
13 amount of dissolved oxygen in the blood.

14 (13) PULMONARY FUNCTION TESTING.—The  
15 term “pulmonary function testing” means  
16 spirometry testing that is in material compliance  
17 with the quality criteria established by the American  
18 Thoracic Society and is performed on equipment  
19 which is in material compliance with the standards  
20 of the American Thoracic Society for technical qual-  
21 ity and calibration.

22 (14) SUBSTANTIAL OCCUPATIONAL EXPOSURE  
23 TO ASBESTOS.—

24 (A) IN GENERAL.—The term “substantial  
25 occupational exposure” means employment in

1 an industry and an occupation where for a sub-  
2 stantial portion of a normal work year for that  
3 occupation, the claimant—

4 (i) handled raw asbestos fibers;

5 (ii) fabricated asbestos-containing  
6 products so that the claimant in the fab-  
7 rication process was exposed to raw asbes-  
8 tos fibers;

9 (iii) altered, repaired, or otherwise  
10 worked with an asbestos-containing prod-  
11 uct such that the claimant was exposed on  
12 a regular basis to asbestos fibers; or

13 (iv) worked in close proximity to other  
14 workers engaged in the activities described  
15 under clause (i), (ii), or (iii) such that the  
16 claimant was exposed on a regular basis to  
17 asbestos fibers.

18 (B) REGULAR BASIS.—In this paragraph,  
19 the term “on a regular basis” means on a fre-  
20 quent or recurring basis.

21 (15) TLC.—The term “TLC” means total lung  
22 capacity, which is the total volume of air in the lung  
23 after maximal inspiration.

24 (16) WEIGHTED OCCUPATIONAL EXPOSURE.—

1           (A) IN GENERAL.—The term “weighted oc-  
2           cupational exposure” means exposure for a pe-  
3           riod of years calculated according to the expo-  
4           sure weighting formula under subparagraphs  
5           (B) through (E).

6           (B) MODERATE EXPOSURE.—Subject to  
7           subparagraph (E), each year that a claimant’s  
8           primary occupation, during a substantial por-  
9           tion of a normal work year for that occupation,  
10          involved working in areas immediate to where  
11          asbestos-containing products were being in-  
12          stalled, repaired, or removed under cir-  
13          cumstances that involved regular airborne emis-  
14          sions of asbestos fibers, shall count as 1 year  
15          of substantial occupational exposure.

16          (C) HEAVY EXPOSURE.—Subject to sub-  
17          paragraph (E), each year that a claimant’s pri-  
18          mary occupation, during a substantial portion  
19          of a normal work year for that occupation, in-  
20          volved the direct installation, repair, or removal  
21          of asbestos-containing products such that the  
22          person was exposed on a regular basis to asbes-  
23          tos fibers, shall count as 2 years of substantial  
24          occupational exposure.

1           (D) VERY HEAVY EXPOSURE.—Subject to  
2           subparagraph (E), each year that a claimant’s  
3           primary occupation, during a substantial por-  
4           tion of a normal work year for that occupation,  
5           was in primary asbestos manufacturing, a  
6           World War II shipyard, or the asbestos insula-  
7           tion trades, such that the person was exposed  
8           on a regular basis to asbestos fibers, shall count  
9           as 4 years of substantial occupational exposure.

10          (E) DATES OF EXPOSURE.—Each year of  
11          exposure calculated under subparagraphs (B),  
12          (C), and (D) that occurred before 1976 shall be  
13          counted at its full value. Each year from 1976  
14          to 1986 shall be counted as  $\frac{1}{2}$  its value. Each  
15          year after 1986 shall be counted as  $\frac{1}{10}$  its  
16          value.

17          (F) OTHER CLAIMS.—Individuals who do  
18          not meet the provisions of subparagraphs (A)  
19          through (E) and believe their post-1976 or  
20          post-1986 exposures exceeded the Occupational  
21          Safety and Health Administration standard  
22          may submit evidence, documentation, work his-  
23          tory or other information to substantiate non-  
24          compliance with the Occupational Safety and  
25          Health Administration standard (such as lack

1 of engineering or work practice controls, or pro-  
2 tective equipment) such that exposures would  
3 be equivalent to exposures before 1976 or 1986  
4 or to documented exposures in similar jobs or  
5 occupations where control measures had not  
6 been implemented. Claims under this subpara-  
7 graph shall be evaluated on an individual basis  
8 by a Physicians Panel.

9 (b) MEDICAL EVIDENCE.—

10 (1) LATENCY.—Unless otherwise specified, all  
11 diagnoses of an asbestos-related disease for a level  
12 under this section shall be accompanied by—

13 (A) a statement by the physician providing  
14 the diagnosis that at least 10 years have  
15 elapsed between the date of first exposure to as-  
16 bestos or asbestos-containing products and the  
17 diagnosis; or

18 (B) a history of the claimant's exposure  
19 that is sufficient to establish a 10-year latency  
20 period between the date of first exposure to as-  
21 bestos or asbestos-containing products and the  
22 diagnosis.

23 (2) DIAGNOSTIC GUIDELINES.—All diagnoses of  
24 asbestos-related diseases shall be based upon—

1 (A) for disease Levels I through V, in the  
2 case of a claimant who was living at the time  
3 the claim was filed—

4 (i) a physical examination of the  
5 claimant by the physician providing the di-  
6 agnosis;

7 (ii) an evaluation of smoking history  
8 and exposure history before making a diag-  
9 nosis;

10 (iii) an x-ray reading by a certified B-  
11 reader; and

12 (iv) pulmonary function testing in the  
13 case of disease Levels III, IV, and V;

14 (B) for disease Levels I through V, in the  
15 case of a claimant who was deceased at the  
16 time the claim was filed, a report from a physi-  
17 cian based upon a review of the claimant's med-  
18 ical records which shall include—

19 (i) pathological evidence of the non-  
20 malignant asbestos-related disease; or

21 (ii) an x-ray reading by a certified B-  
22 reader;

23 (C) for disease Levels VI through X, in the  
24 case of a claimant who was living at the time  
25 the claim was filed—



1 (i) a physical examination by the  
2 claimant's physician providing the diag-  
3 nosis; or

4 (ii) a diagnosis of such a malignant  
5 asbestos-related disease, as described in  
6 this section, by a board-certified patholo-  
7 gist; and

8 (D) for disease Levels VI through X, in  
9 the case of a claimant who was deceased at the  
10 time the claim was filed—

11 (i) a diagnosis of such a malignant as-  
12 bestos-related disease, as described in this  
13 section, by a board-certified pathologist;  
14 and

15 (ii) a report from a physician based  
16 upon a review of the claimant's medical  
17 records.

18 (3) CREDIBILITY OF MEDICAL EVIDENCE.—To  
19 ensure the medical evidence provided in support of  
20 a claim is credible and consistent with recognized  
21 medical standards, a claimant under this title may  
22 be required to submit—

23 (A) x-rays or computerized tomography;

24 (B) detailed results of pulmonary function  
25 tests;

- 1 (C) laboratory tests;
- 2 (D) tissue samples;
- 3 (E) results of medical examinations;
- 4 (F) reviews of other medical evidence; and
- 5 (G) medical evidence that complies with
- 6 recognized medical standards regarding equip-
- 7 ment, testing methods, and procedure to ensure
- 8 the reliability of such evidence as may be sub-
- 9 mitted.

10 (c) EXPOSURE EVIDENCE.—

11 (1) IN GENERAL.—To qualify for any disease

12 level, the claimant shall demonstrate—

13 (A) a minimum exposure to asbestos or as-

14 bestos-containing products;

15 (B) the exposure occurred in the United

16 States, its territories or possessions, or while a

17 United States citizen while an employee of an

18 entity organized under any Federal or State law

19 regardless of location, or while a United States

20 citizen while serving on any United States

21 flagged or owned ship, provided the exposure

22 results from such employment or service; and

23 (C) any additional asbestos exposure re-

24 quirement under this section.

1           (2) GENERAL EXPOSURE REQUIREMENTS.—In  
2 order to establish exposure to asbestos, a claimant  
3 shall present meaningful and credible evidence—

4           (A) by an affidavit of the claimant;

5           (B) by an affidavit of a coworker or family  
6 member, if the claimant is deceased and such  
7 evidence is found in proceedings under this title  
8 to be reasonably reliable;

9           (C) by invoices, construction, or similar  
10 records; or

11          (D) any other credible evidence.

12          (3) TAKE-HOME EXPOSURE.—

13           (A) IN GENERAL.—A claimant may alter-  
14 natively satisfy the medical criteria require-  
15 ments of this section where a claim is filed by  
16 a person who alleges their exposure to asbestos  
17 was the result of living with a person who, if  
18 the claim had been filed by that person, would  
19 have met the exposure criteria for the given dis-  
20 ease level, and the claimant lived with such per-  
21 son for the time period necessary to satisfy the  
22 exposure requirement, for the claimed disease  
23 level.

24           (B) REVIEW.—Except for claims for dis-  
25 ease Level X (mesothelioma), all claims alleging

1 take-home exposure shall be submitted as an  
2 exceptional medical claim under section 121(f)  
3 for review by a Physicians Panel.

4 (4) WAIVER FOR WORKERS AND RESIDENTS OF  
5 LIBBY, MONTANA.—Because of the unique nature of  
6 the asbestos exposure related to the vermiculite min-  
7 ing and milling operations in Libby, Montana, the  
8 Administrator shall waive the exposure requirements  
9 under this subtitle for individuals who worked at the  
10 vermiculite mining and milling facility in Libby,  
11 Montana, or lived or worked within a 20-mile radius  
12 of Libby, Montana, for at least 12 consecutive  
13 months before December 31, 2003. Claimants under  
14 this section shall provide such supporting docu-  
15 mentation as the Administrator shall require.

16 (5) EXPOSURE PRESUMPTIONS.—The Adminis-  
17 trator shall prescribe rules identifying specific indus-  
18 tries, occupations within those industries, and time  
19 periods for which substantial occupational exposure  
20 (as defined under section 121(a)) shall be a rebut-  
21 table presumption for asbestos claimants who pro-  
22 vide meaningful and credible evidence that the  
23 claimant worked in that industry and occupation  
24 during such time periods. The Administrator may  
25 provide evidence to rebut this presumption.

1 (d) ASBESTOS DISEASE LEVELS.—

2 (1) NONMALIGNANT LEVEL I.—To receive Level  
3 I compensation, a claimant shall provide—

4 (A) a diagnosis of bilateral asbestos-related  
5 nonmalignant disease; and

6 (B) evidence of 5 years cumulative occupa-  
7 tional exposure to asbestos.

8 (2) NONMALIGNANT LEVEL II.—To receive  
9 Level II compensation, a claimant shall provide—

10 (A) a diagnosis of bilateral asbestos-related  
11 nonmalignant disease with ILO grade of 1/1 or  
12 greater, and showing small irregular opacities  
13 of shape or size either ss, st, or tt and present  
14 in both lower lung zones, or asbestosis deter-  
15 mined by pathology, or blunting of either  
16 costophrenic angle and bilateral pleural plaque  
17 or bilateral pleural thickening of at least grade  
18 B2 or greater, or bilateral pleural disease of  
19 grade B2 or greater;

20 (B) evidence of TLC less than 80 percent  
21 or FVC less than the lower limits of normal,  
22 and FEV1/FVC ratio less than 65 percent;

23 (C) evidence of 5 or more weighted years  
24 of substantial occupational exposure to asbes-  
25 tos; and

1 (D) supporting medical documentation es-  
2 tablishing asbestos exposure as a contributing  
3 factor in causing the pulmonary condition in  
4 question.

5 (3) NONMALIGNANT LEVEL III.—To receive  
6 Level III compensation a claimant shall provide—

7 (A) a diagnosis of bilateral asbestos-related  
8 nonmalignant disease with ILO grade of 1/0 or  
9 greater and showing small irregular opacities of  
10 shape or size either ss, st, or tt and present in  
11 both lower lung zones, or asbestosis determined  
12 by pathology, or diffuse pleural thickening, or  
13 bilateral pleural disease of B2 or greater;

14 (B) evidence of TLC less than 80 percent;  
15 FVC less than the lower limits of normal and  
16 FEV1/FVC ratio greater than or equal to 65  
17 percent; or evidence of a decline in FVC of 20  
18 percent or greater, after allowing for the ex-  
19 pected decrease due to aging, and an FEV1/  
20 FVC ratio greater than or equal to 65 percent  
21 documented with a second spirometry;

22 (C) evidence of 5 or more weighted years  
23 of substantial occupational exposure to asbes-  
24 tos; and

25 (D) supporting medical documentation—

1 (i) establishing asbestos exposure as a  
2 contributing factor in causing the pul-  
3 monary condition in question; and

4 (ii) excluding other more likely causes  
5 of that pulmonary condition.

6 (4) NONMALIGNANT LEVEL IV.—To receive  
7 Level IV compensation a claimant shall provide—

8 (A) diagnosis of bilateral asbestos-related  
9 nonmalignant disease with ILO grade of 1/1 or  
10 greater and showing small irregular opacities of  
11 shape or size either ss, st, or tt and present in  
12 both lower lung zones, or asbestosis determined  
13 by pathology, or diffuse pleural thickening, or  
14 bilateral pleural disease of B2 or greater;

15 (B) evidence of TLC less than 60 percent  
16 or FVC less than 60 percent, and FEV1/FVC  
17 ratio greater than or equal to 65 percent;

18 (C) evidence of 5 or more weighted years  
19 of substantial occupational exposure to asbestos  
20 before diagnosis; and

21 (D) supporting medical documentation—

22 (i) establishing asbestos exposure as a  
23 contributing factor in causing the pul-  
24 monary condition in question; and

1 (ii) excluding other more likely causes  
2 of that pulmonary condition.

3 (5) NONMALIGNANT LEVEL V.—To receive  
4 Level V compensation a claimant shall provide—

5 (A) diagnosis of bilateral asbestos-related  
6 nonmalignant disease with ILO grade of 1/1 or  
7 greater and showing small irregular opacities of  
8 shape or size either ss, st, or tt and present in  
9 both lower lung zones, or asbestosis determined  
10 by pathology, or diffuse pleural thickening, or  
11 bilateral pleural disease of B2 or greater;

12 (B)(i) evidence of TLC less than 50 per-  
13 cent or FVC less than 50 percent, and FEV1/  
14 FVC ratio greater than or equal to 65 percent;

15 (ii) DLCO less than 40 percent of pre-  
16 dicted, plus a FEV1/FVC ratio not less than 65  
17 percent; or

18 (iii) PO<sub>2</sub> less than 55 mm/Hg, plus a  
19 FEV1/FVC ratio not less than 65 percent;

20 (C) evidence of 5 or more weighted years  
21 of substantial occupational exposure to asbes-  
22 tos; and

23 (D) supporting medical documentation—



1 (i) establishing asbestos exposure as a  
2 contributing factor in causing the pul-  
3 monary condition in question; and

4 (ii) excluding other more likely causes  
5 of that pulmonary condition.

6 (6) MALIGNANT LEVEL VI.—

7 (A) IN GENERAL.—To receive Level VI  
8 compensation a claimant shall provide—

9 (i) a diagnosis of a primary colorectal,  
10 laryngeal, esophageal, pharyngeal, or stom-  
11 ach cancer on the basis of findings by a  
12 board certified pathologist;

13 (ii) evidence of a bilateral asbestos-re-  
14 lated nonmalignant disease;

15 (iii) evidence of 15 or more weighted  
16 years of substantial occupational exposure  
17 to asbestos; and

18 (iv) supporting medical documentation  
19 establishing asbestos exposure as a contrib-  
20 uting factor in causing the cancer in ques-  
21 tion.

22 (B) REFERRAL TO PHYSICIANS PANEL.—

23 All claims filed with respect to Level VI under  
24 this paragraph shall be referred to a Physicians  
25 Panel for a determination that it is more prob-

1           able than not that asbestos exposure was a sub-  
2           stantial contributing factor in causing the other  
3           cancer in question. If the claimant meets the  
4           requirements of subparagraph (A), there shall  
5           be a presumption of eligibility for the scheduled  
6           value of compensation unless there is evidence  
7           determined by the Physicians Panel that rebuts  
8           that presumption.

9           (C) REQUEST FOR REFERRAL TO PHYSI-  
10          CIANS PANEL.—A claimant filing a claim with  
11          respect to Level VI under this paragraph may  
12          request that the claim be referred to a Physi-  
13          cians Panel for a determination on amount of  
14          award. In making its determination under this  
15          subparagraph, the Physicians Panel shall con-  
16          sider the intensity and duration of exposure,  
17          smoking history, and the quality of evidence re-  
18          lating to exposure and smoking. Claimants shall  
19          bear the burden of producing meaningful and  
20          credible evidence of their smoking history as  
21          part of their claim submission.

22          (7) MALIGNANT LEVEL VII.—

23                (A) IN GENERAL.—To receive Level VII  
24          compensation a claimant shall provide—

1 (i) a diagnosis of a primary lung can-  
2 cer disease on the basis of findings by a  
3 board certified pathologist;

4 (ii) evidence of 15 or more weighted  
5 years of substantial occupational exposure  
6 to asbestos; and

7 (iii) supporting medical documenta-  
8 tion establishing asbestos exposure as a  
9 contributing factor in causing the lung  
10 cancer in question.

11 (B) PHYSICIANS PANEL.—All claims filed  
12 relating to Level VII under this paragraph shall  
13 be referred to a Physicians Panel for a deter-  
14 mination on the amount of award. In making  
15 its determination under this subparagraph, the  
16 Physicians Panel shall consider the intensity  
17 and duration of exposure, smoking history, and  
18 the quality of evidence relating to exposure and  
19 smoking. Claimants shall bear the burden of  
20 producing meaningful and credible evidence of  
21 their smoking history as part of their claim  
22 submission.

23 (8) MALIGNANT LEVEL VIII.—

24 (A) IN GENERAL.—To receive Level VIII  
25 compensation, a claimant shall provide—

- 1 (i) a diagnosis of a primary lung can-  
2 cer disease on the basis of findings by a  
3 board certified pathologist;
- 4 (ii) evidence of bilateral pleural  
5 plaques or bilateral pleural thickening or  
6 bilateral pleural calcification;
- 7 (iii) evidence of 12 or more weighted  
8 years of substantial occupational exposure  
9 to asbestos; and
- 10 (iv) supporting medical documentation  
11 establishing asbestos exposure as a contrib-  
12 uting factor in causing the lung cancer in  
13 question.

14 (B) PHYSICIANS PANEL.—A claimant filing  
15 a claim relating to Level VIII under this para-  
16 graph may request that the claim be referred to  
17 a Physicians Panel for a determination on  
18 amount of award. In making its determination  
19 under this subparagraph, the Physicians Panel  
20 shall consider the intensity and duration of ex-  
21 posure, smoking history, and the quality of evi-  
22 dence relating to exposure and smoking. Claim-  
23 ants shall bear the burden of producing mean-  
24 ingful and credible evidence of their smoking  
25 history as part of their claim submission.

1 (9) MALIGNANT LEVEL IX.—

2 (A) IN GENERAL.—To receive Level IX  
3 compensation, a claimant shall provide—

4 (i) a diagnosis of a primary lung can-  
5 cer disease on the basis of findings by a  
6 board certified pathologist;

7 (ii)(I) evidence of—

8 (aa) asbestosis based on a chest  
9 x-ray of at least 1/0 on the ILO scale  
10 and showing small irregular opacities  
11 of shape or size either ss, st, or tt and  
12 present in both lower lung zones; and

13 (bb) 10 or more weighted years  
14 of substantial occupational exposure  
15 to asbestos;

16 (II) evidence of—

17 (aa) asbestosis based on a chest  
18 x-ray of at least 1/1 on the ILO scale  
19 and showing small irregular opacities  
20 of shape or size either ss, st, or tt and  
21 present in both lower lung zones; and

22 (bb) 8 or more weighted years of  
23 substantial occupational exposure to  
24 asbestos; or

1                   (III) asbestosis determined by pathol-  
2                   ogy and 10 or more weighted years of sub-  
3                   stantial occupational exposure to asbestos;  
4                   and

5                   (iii) supporting medical documenta-  
6                   tion establishing asbestos exposure as a  
7                   contributing factor in causing the lung  
8                   cancer in question.

9                   (B) PHYSICIANS PANEL.—A claimant filing  
10                  a claim with respect to Level IX under this  
11                  paragraph may request that the claim be re-  
12                  ferred to a Physicians Panel for a determina-  
13                  tion on amount of award. In making its deter-  
14                  mination under this subparagraph, the Physi-  
15                  cians Panel shall consider the intensity and du-  
16                  ration of exposure, smoking history, and the  
17                  quality of evidence relating to exposure and  
18                  smoking. Claimants shall bear the burden of  
19                  producing meaningful and credible evidence of  
20                  their smoking history as part of their claim  
21                  submission.

22                  (10) MALIGNANT LEVEL X.—To receive Level  
23                  X compensation, a claimant shall provide—

1 (A) a diagnosis of malignant mesothelioma  
2 disease on the basis of findings by a board cer-  
3 tified pathologist; and

4 (B) credible evidence of identifiable expo-  
5 sure to asbestos resulting from—

6 (i) occupational exposure to asbestos;

7 (ii) exposure to asbestos fibers  
8 brought into the home of the claimant by  
9 a worker occupationally exposed to asbes-  
10 tos;

11 (iii) exposure to asbestos fibers result-  
12 ing from living or working in the proxi-  
13 mate vicinity of a factory, shipyard, build-  
14 ing demolition site, or other operation that  
15 regularly released asbestos fibers into the  
16 air due to operations involving asbestos at  
17 that site; or

18 (iv) other identifiable exposure to as-  
19 bestos fibers, in which case the claim shall  
20 be reviewed by a Physicians Panel under  
21 section 121(f) for a determination of eligi-  
22 bility.

23 (e) INSTITUTE OF MEDICINE STUDY.—

24 (1) IN GENERAL.—Not later than 2 years after  
25 date of enactment of this Act, the Institute of Medi-

1        cine of the National Academy of Sciences shall com-  
2        plete a study of the causal link between asbestos ex-  
3        posure and other cancers, including colorectal, laryn-  
4        geal, esophageal, pharyngeal, and stomach cancers,  
5        except for mesothelioma and lung cancers. The In-  
6        stitute of Medicine shall issue a report on its find-  
7        ings on causation, which shall be transmitted to  
8        Congress, the Administrator, the Advisory Com-  
9        mittee on Asbestos Disease Compensation or the  
10       Medical Advisory Committee, and the Physicians  
11       Panels. The Administrator and the Physicians Pan-  
12       els may consider the results of the report for pur-  
13       poses of determining whether asbestos exposure is a  
14       substantial contributing factor under section  
15       121(d)(6)(B).

16            (2) SUBSEQUENT STUDIES.—If the Adminis-  
17       trator has evidence that there have been advance-  
18       ments in science that would require additional study,  
19       the Administrator may request that the Institute of  
20       Medicine conduct a subsequent study to determine if  
21       asbestos exposure is a cause of other cancers.

22            (f) EXCEPTIONAL MEDICAL CLAIMS.—

23            (1) IN GENERAL.—A claimant who does not  
24       meet the medical criteria requirements under this



1 section may apply for designation of the claim as an  
2 exceptional medical claim.

3 (2) APPLICATION.—When submitting an appli-  
4 cation for review of an exceptional medical claim, the  
5 claimant shall—

6 (A) state that the claim does not meet the  
7 medical criteria requirements under this sec-  
8 tion; or

9 (B) seek designation as an exceptional  
10 medical claim within 60 days after a determina-  
11 tion that the claim is ineligible solely for failure  
12 to meet the medical criteria requirements under  
13 subsection (d).

14 (3) REPORT OF PHYSICIAN.—

15 (A) IN GENERAL.—Any claimant applying  
16 for designation of a claim as an exceptional  
17 medical claim shall support an application filed  
18 under paragraph (1) with a report from a phy-  
19 sician meeting the requirements of this section.

20 (B) CONTENTS.—A report filed under sub-  
21 paragraph (A) shall include—

22 (i) a complete review of the claimant's  
23 medical history and current condition;

24 (ii) such additional material by way of  
25 analysis and documentation as shall be

1           prescribed by rule of the Administrator;  
2           and

3                   (iii) a detailed explanation as to why  
4           the claim meets the requirements of para-  
5           graph (4)(B).

6           (4) REVIEW.—

7                   (A) IN GENERAL.—The Administrator  
8           shall refer all applications and supporting docu-  
9           mentation submitted under paragraph (2) to a  
10          Physicians Panel for review for eligibility as an  
11          exceptional medical claim.

12                   (B) STANDARD.—A claim shall be des-  
13          ignated as an exceptional medical claim if the  
14          claimant, for reasons beyond the control of the  
15          claimant, cannot satisfy the requirements under  
16          this section, but is able, through comparably re-  
17          liable evidence that meets the standards under  
18          this section, to show that the claimant has an  
19          asbestos-related condition that is substantially  
20          comparable to that of a medical condition that  
21          would satisfy the requirements of a category  
22          under this section.

23                   (C) ADDITIONAL INFORMATION.—A Physi-  
24          cians Panel may request additional reasonable  
25          testing to support the claimant's application.

1 (D) CT SCAN.—A claimant may submit a  
2 CT Scan in addition to an x-ray.

3 (5) APPROVAL.—

4 (A) IN GENERAL.—If the Physicians Panel  
5 determines that the medical evidence is suffi-  
6 cient to show a comparable asbestos-related  
7 condition, it shall issue a certificate of medical  
8 eligibility designating the category of asbestos-  
9 related injury under this section for which the  
10 claimant may be eligible to seek compensation.

11 (B) REFERRAL.—Upon the issuance of a  
12 certificate under subparagraph (A), the Physi-  
13 cians Panel shall submit the claim to the Ad-  
14 ministrator, who shall proceed to determine  
15 whether the claimant meets the requirements  
16 for compensation under this Act.

17 (6) RESUBMISSION.—Any claimant whose appli-  
18 cation for designation as an exceptional medical  
19 claim is rejected may resubmit an application if new  
20 evidence becomes available. The application shall  
21 identify any prior applications and state the new evi-  
22 dence that forms the basis of the resubmission.

23 (7) RULES.—The Administrator shall promul-  
24 gate rules governing the procedures for seeking des-  
25 ignation of a claim as an exceptional medical claim.

1           (8) LIBBY, MONTANA.—All claims filed by  
2 Libby, Montana claimants shall be designated as ex-  
3 ceptional medical claims and referred to a Physi-  
4 cians Panel for review. In reviewing the medical evi-  
5 dence submitted by a Libby, Montana claimant in  
6 support of that claim, and before making an eligi-  
7 bility determination for a Libby, Montana claimant,  
8 the Physicians Panel shall review the current med-  
9 ical and scientific literature relating to the study, di-  
10 agnosis, and treatment of asbestos-related diseases  
11 resulting from exposure to asbestos and other fibers  
12 found in and around Libby, Montana, including pub-  
13 lic health assessments prepared by the Agency for  
14 Toxic Substances and Disease Registry for the  
15 Libby Asbestos Site. The Physicians Panel shall  
16 take into consideration the unique and serious na-  
17 ture of asbestos exposure in Libby, Montana, includ-  
18 ing the nature of the pleural disease related to as-  
19 bestos exposure in Libby, when making a determina-  
20 tion of eligibility and designating the disease cat-  
21 egory.

## 22                           **Subtitle D—Awards**

### 23   **SEC. 131. AMOUNT.**

24           (a) IN GENERAL.—An asbestos claimant who meets  
25 the requirements of section 111 shall be entitled to an

1 award in an amount determined by reference to the benefit  
2 table contained in subsection (b).

3 (b) BENEFIT TABLE.—

4 (1) IN GENERAL.—An asbestos claimant with  
5 an eligible disease or condition established in accord-  
6 ance with section 121, shall be eligible for an award  
7 according to the following schedule:

Level	Scheduled Condition or Disease	Scheduled Value
I	Asbestosis/Pleural Disease	Medical Monitoring
II	Mixed Disease With Impair- ment	\$35,000
III	Asbestosis/Pleural Disease B	\$100,000
IV	Severe Asbestosis	\$400,000
V	Disabling Asbestosis	\$850,000
VI	Other Cancer	\$200,000
VII	Lung Cancer One	individual evaluation; smokers re- ceive \$50,000; ex-smokers re- ceive \$150,000; non-smokers receive \$625,000
VIII	Lung Cancer With Pleural Disease	smokers receive \$275,000; ex- smokers \$700,000; non-smok- ers receive \$800,000
IX	Lung Cancer With Asbestosis	smokers receive \$575,000; ex- smokers receive \$950,000; non- smokers receive \$1,050,000
X	Mesothelioma	\$1,050,000

8 (2) DEFINITIONS.—In this section—

9 (A) the term “nonsmoker” means a claim-  
10 ant who never smoked; and

11 (B) the term “ex-smoker” means a claim-  
12 ant who has not smoked during any portion of  
13 the 12-year period preceding the diagnosis of  
14 lung cancer.

15 (3) VALUES WITHIN LEVELS RELATING TO  
16 LUNG CANCER.—

1 (A) IN GENERAL.—In setting values for  
2 levels relating to lung cancer, the Administrator  
3 shall develop a matrix of classes for each of  
4 Levels VII, VIII, and IX based on—

5 (i) the smoking history of the claim-  
6 ant, including whether the claimant cur-  
7 rently or in the past smoked tobacco prod-  
8 ucts, the duration of smoking, pack years,  
9 and whether the claimant has quit smoking  
10 and for how long;

11 (ii) the age of the claimant at diag-  
12 nosis with claim values increased propor-  
13 tionately for claimants who are younger  
14 than the average life span and reduced for  
15 those who are older; and

16 (iii) the level and duration of asbestos  
17 exposure with those receiving the highest  
18 total dose (level x duration) receiving  
19 greater values.

20 (B) DETERMINATION OF EXPOSURE.—Lev-  
21 els of exposure shall be based on research in the  
22 fields of epidemiology and industrial hygiene.

23 (4) MEDICAL MONITORING.—An asbestos claim-  
24 ant with asymptomatic exposure, based on the cri-  
25 teria under section 121(d)(1), shall only be eligible

1 for medical monitoring reimbursement as provided  
2 under section 132.

3 (5) COST-OF-LIVING ADJUSTMENT.—

4 (A) IN GENERAL.—Beginning January 1,  
5 2006, award amounts under paragraph (1)  
6 shall be annually increased by an amount equal  
7 to such dollar amount multiplied by the cost-of-  
8 living adjustment, rounded to the nearest  
9 \$1,000 increment.

10 (B) CALCULATION OF COST-OF-LIVING AD-  
11 JUSTMENT.—For the purposes of subparagraph  
12 (A), the cost-of-living adjustment for any cal-  
13 endar year shall be the percentage, if any, by  
14 which the consumer price index for the suc-  
15 ceeding calendar year exceeds the consumer  
16 price index for calendar year 2004.

17 (C) CONSUMER PRICE INDEX.—

18 (i) IN GENERAL.—For the purposes of  
19 subparagraph (B), the consumer price  
20 index for any calendar year is the average  
21 of the consumer price index as of the close  
22 of the 12-month period ending on August  
23 31 of such calendar year.

24 (ii) DEFINITION.—For purposes of  
25 clause (i), the term “consumer price

1 index” means the consumer price index  
2 published by the Department of Labor.  
3 The consumer price index series to be used  
4 for award escalations shall include the con-  
5 sumer price index used for all-urban con-  
6 sumers, with an area coverage of the  
7 United States city average, for all items,  
8 based on the 1982–1984 index based pe-  
9 riod, as published by the Department of  
10 Labor.

11 **SEC. 132. MEDICAL MONITORING.**

12 (a) **RELATION TO STATUTE OF LIMITATIONS.**—The  
13 filing of a claim under this Act that seeks reimbursement  
14 for medical monitoring shall not be considered as evidence  
15 that the claimant has discovered facts that would other-  
16 wise commence the period applicable for purposes of the  
17 statute of limitations under section 113(b).

18 (b) **COSTS.**—Reimbursable medical monitoring costs  
19 shall include the costs of a claimant not covered by health  
20 insurance for an examination by the claimant’s physician,  
21 x-ray tests, and pulmonary function tests every 3 years.

22 (c) **REGULATIONS.**—The Administrator shall promul-  
23 gate regulations that establish—

24 (1) the reasonable costs for medical monitoring  
25 that is reimbursable; and



1           (2) the procedures applicable to asbestos claim-  
2           ants.

3 **SEC. 133. PAYMENT.**

4           (a) STRUCTURED PAYMENTS.—

5           (1) IN GENERAL.—An asbestos claimant who is  
6           entitled to an award should receive the amount of  
7           the award through structured payments from the  
8           Fund, made over a period of 3 years, and in no  
9           event more than 4 years after the date of final adju-  
10          dication of the claim.

11          (2) PAYMENT PERIOD AND AMOUNT.—There  
12          shall be a presumption that any award paid under  
13          this subsection shall provide for payment of—

14                 (A) 40 percent of the total amount in year  
15                 1;

16                 (B) 30 percent of the total amount in year  
17                 2; and

18                 (C) 30 percent of the total amount in year  
19                 3.

20          (3) EXTENSION OF PAYMENT PERIOD.—

21                 (A) IN GENERAL.—The Administrator  
22                 shall develop guidelines to provide for the pay-  
23                 ment period of an award under subsection (a)  
24                 to be extended to a 4-year period if such action  
25                 is warranted in order to preserve the overall sol-

1 vency of the Fund. Such guidelines shall include  
2 reference to the number of claims made to the  
3 Fund and the awards made and scheduled to be  
4 paid from the Fund as provided under section  
5 405.

6 (B) LIMITATIONS.—In no event shall less  
7 than 50 percent of an award be paid in the first  
8 2 years of the payment period under this sub-  
9 section.

10 (4) ACCELERATED PAYMENTS.—The Adminis-  
11 trator shall develop guidelines to provide for acceler-  
12 ated payments to asbestos claimants who are meso-  
13 thelioma victims and who are alive on the date on  
14 which the Administrator receives notice of the eligi-  
15 bility of the claimant. Such payments shall be cred-  
16 ited against the first regular payment under the  
17 structured payment plan for the claimant.

18 (5) EXPEDITED PAYMENTS.—The Adminis-  
19 trator shall develop guidelines to provide for expe-  
20 dited payments to asbestos claimants in cases of exi-  
21 gent circumstances or extreme hardship caused by  
22 asbestos-related injury.

23 (6) ANNUITY.—An asbestos claimant may elect  
24 to receive any payments to which they are entitled  
25 under this title in the form of an annuity.

1 (b) LIMITATION ON TRANSFERABILITY.—A claim  
2 filed under this Act shall not be assignable or otherwise  
3 transferable under this Act.

4 (c) CREDITORS.—An award under this title shall be  
5 exempt from all claims of creditors and from levy, execu-  
6 tion, and attachment or other remedy for recovery or col-  
7 lection of a debt, and such exemption may not be waived.

8 (d) MEDICARE AS SECONDARY PAYER.—No award  
9 under this title shall be deemed a payment for purposes  
10 of section 1862 of the Social Security Act (42 U.S.C.  
11 1395y).

12 (e) EXEMPT PROPERTY IN ASBESTOS CLAIMANT'S  
13 BANKRUPTCY CASE.—If an asbestos claimant files a peti-  
14 tion for relief under section 301 of title 11, United States  
15 Code, no award granted under this Act shall be treated  
16 as property of the bankruptcy estate of the asbestos claim-  
17 ant in accordance with section 541(b)(6) of title 11,  
18 United States Code.

19 **SEC. 134. REDUCTION IN BENEFIT PAYMENTS FOR COLLAT-**  
20 **ERAL SOURCES.**

21 (a) IN GENERAL.—The amount of an award other-  
22 wise available to an asbestos claimant under this title shall  
23 be reduced by the amount of collateral source compensa-  
24 tion.

1 (b) EXCLUSIONS.—In no case shall statutory benefits  
2 under workers’ compensation laws and veterans’ benefits  
3 programs be deemed as collateral source compensation for  
4 purposes of this section.

5 **TITLE II—ASBESTOS INJURY**  
6 **CLAIMS RESOLUTION FUND**  
7 **Subtitle A—Asbestos Defendants**  
8 **Funding Allocation**

9 **SEC. 201. DEFINITIONS.**

10 In this subtitle, the following definitions shall apply:

11 (1) AFFILIATED GROUP.—The term “affiliated  
12 group”—

13 (A) means a defendant participant that is  
14 an ultimate parent and any person whose entire  
15 beneficial interest is directly or indirectly owned  
16 by that ultimate parent on the date of enact-  
17 ment of this Act; and

18 (B) shall not include any person that is a  
19 debtor or any direct or indirect majority-owned  
20 subsidiary of a debtor.

21 (2) CLASS ACTION TRUST.—The term “class ac-  
22 tion trust” means a trust or similar entity estab-  
23 lished to hold assets for the payment of asbestos  
24 claims asserted against a debtor or participating de-  
25 fendant, under a settlement that—

1 (A) is a settlement of class action claims  
2 under rule 23 of the Federal Rules of Civil Pro-  
3 cedure; and

4 (B) has been approved by a final judgment  
5 of a United States district court before the date  
6 of enactment of this Act.

7 (3) DEBTOR.—The term “debtor”—

8 (A) means—

9 (i) a person that is subject to a case  
10 pending under a chapter of title 11, United  
11 States Code, on the date of enactment of  
12 this Act or at any time during the 1-year  
13 period immediately preceding that date, ir-  
14 respective of whether the debtor’s case  
15 under that title has been dismissed; and

16 (ii) all of the direct or indirect major-  
17 ity-owned subsidiaries of a person de-  
18 scribed under clause (i), regardless of  
19 whether any such majority-owned sub-  
20 sidiary has a case pending under title 11,  
21 United States Code; and

22 (B) shall not include an entity—

23 (i) subject to chapter 7 of title 11,  
24 United States Code, if a final decree clos-

1           ing the estate shall have been entered be-  
2           fore the date of enactment of this Act; or  
3           (ii) subject to chapter 11 of title 11,  
4           United States Code, if a plan of reorga-  
5           nization for such entity shall have been  
6           confirmed by a duly entered order or judg-  
7           ment of a court that is no longer subject  
8           to any appeal or judicial review, and the  
9           substantial consummation, as such term is  
10          defined in section 1101(2) of title 11,  
11          United States Code, of such plan of reor-  
12          ganization has occurred.

13           (4) INDEMNIFIABLE COST.—The term  
14          “indemnifiable cost” means a cost, expense, debt,  
15          judgment, or settlement incurred with respect to an  
16          asbestos claim that, at any time before December  
17          31, 2002, was or could have been subject to indem-  
18          nification, contribution, surety, or guaranty.

19           (5) INDEMNITEE.—The term “indemnitee”  
20          means a person against whom any asbestos claim  
21          has been asserted before December 31, 2002, who  
22          has received from any other person, or on whose be-  
23          half a sum has been paid by such other person to  
24          any third person, in settlement, judgment, defense,  
25          or indemnity in connection with an alleged duty with

1 respect to the defense or indemnification of such  
2 person concerning that asbestos claim, other than  
3 under a policy of insurance or reinsurance.

4 (6) INDEMNITOR.—The term “indemnitor”  
5 means a person who has paid under a written agree-  
6 ment at any time before December 31, 2002, a sum  
7 in settlement, judgment, defense, or indemnity to or  
8 on behalf of any person defending against an asbes-  
9 tos claim, in connection with an alleged duty with  
10 respect to the defense or indemnification of such  
11 person concerning that asbestos claim, except that  
12 payments by an insurer or reinsurer under a con-  
13 tract of insurance or reinsurance shall not make the  
14 insurer or reinsurer an indemnitor for purposes of  
15 this subtitle.

16 (7) PRIOR ASBESTOS EXPENDITURES.—The  
17 term “prior asbestos expenditures”—

18 (A) means the gross total amount paid by  
19 or on behalf of a person at any time before De-  
20 cember 31, 2002, in settlement, judgment, de-  
21 fense, or indemnity costs related to all asbestos  
22 claims against that person;

23 (B) includes payments made by insurance  
24 carriers to or for the benefit of such person or  
25 on such person’s behalf with respect to such as-

1           bestos claims, except as provided in section  
2           204(g);

3           (C) shall not include any payment made by  
4           a person in connection with or as a result of  
5           changes in insurance reserves required by con-  
6           tract or any activity or dispute related to insur-  
7           ance coverage matters for asbestos-related li-  
8           abilities; and

9           (D) shall not include any payment made by  
10          or on behalf of persons who are or were com-  
11          mon carriers by railroad for asbestos claims  
12          brought under the Act of April 22, 1908 (45  
13          U.S.C. 51 et seq.), commonly known as the  
14          Federal Employers' Liability Act, as a result of  
15          operations as a common carrier by railroad, in-  
16          cluding settlement, judgment, defense, or in-  
17          demnity costs associated with these claims.

18          (8) TRUST.—The term “trust” means any  
19          trust, as described in sections 524(g)(2)(B)(i) or  
20          524(h) of title 11, United States Code, or estab-  
21          lished in conjunction with an order issued under sec-  
22          tion 105 of title 11, United States Code, established  
23          or formed under the terms of a chapter 11 plan of  
24          reorganization, which in whole or in part provides  
25          compensation for asbestos claims.



1           (9) ULTIMATE PARENT.—The term “ultimate  
2           parent” means a person—

3                   (A) that owned, as of December 31, 2002,  
4           the entire beneficial interest, directly or indi-  
5           rectly, of at least 1 other person; and

6                   (B) whose entire beneficial interest was not  
7           owned, on December 31, 2002, directly or indi-  
8           rectly, by any other single person (other than a  
9           natural person).

10 **SEC. 202. AUTHORITY AND TIERS.**

11           (a) LIABILITY FOR PAYMENTS TO THE FUND.—

12                   (1) IN GENERAL.—Defendant participants shall  
13           be liable for payments to the Fund in accordance  
14           with this section based on tiers and subtiers as-  
15           signed to defendant participants.

16                   (2) AGGREGATE PAYMENT OBLIGATIONS  
17           LEVEL.—Subject only to section 204(m), and not-  
18           withstanding any other provision of this Act, the  
19           total payments required of all defendant participants  
20           over the life of the Fund shall not exceed  
21           \$90,000,000,000. The Administrator shall have the  
22           authority to allocate the payments required of the  
23           defendant participants among the tiers as provided  
24           in this title.

1           (3) ABILITY TO ENTER REORGANIZATION.—

2           Notwithstanding any other provision of this Act, all  
3           debtors that, together with all of their direct or indi-  
4           rect majority-owned subsidiaries, have prior asbestos  
5           expenditures less than \$1,000,000 may proceed with  
6           the filing, solicitation, and confirmation of a plan of  
7           reorganization that does not comply with the re-  
8           quirements of this Act, including a trust and chan-  
9           neling injunction. Any asbestos claim made in con-  
10          junction with a plan of reorganization allowable  
11          under the preceding sentence shall be subject to sec-  
12          tion 403(d) of this Act.

13          (b) TIER I.—Tier I shall include all debtors that, to-  
14          gether with all of their direct or indirect majority-owned  
15          subsidiaries, have prior asbestos expenditures greater than  
16          \$1,000,000.

17          (c) TREATMENT OF TIER I BUSINESS ENTITIES IN  
18          BANKRUPTCY.—

19                (1) DEFINITION.—In this subsection, the term  
20                “bankrupt business entity” means a person that is  
21                not a natural person that—

22                        (A) filed a petition for relief under chapter  
23                        11, of title 11, United States Code, before Jan-  
24                        uary 1, 2003;

1 (B) has not confirmed a plan of reorga-  
2 nization as of the date of enactment of this Act;  
3 and

4 (C) the bankruptcy court presiding over  
5 the business entity's case determines, after no-  
6 tice and a hearing upon motion filed by the en-  
7 tity within 30 days of the effective date of this  
8 Act, which motion shall be supported by—

9 (i) an affidavit or declaration of the  
10 Chief Executive Officer, Chief Financial  
11 Officer, or Chief Legal Officer of the busi-  
12 ness entity; and

13 (ii) copies of the entity's public state-  
14 ments and securities filings made in con-  
15 nection with the entity's filing for chapter  
16 11 protection that asbestos liability was  
17 not the sole or precipitating cause of the  
18 entity's chapter 11 filing. Notice of such  
19 motion shall be as directed by the bank-  
20 ruptcy court and the hearing shall be lim-  
21 ited to consideration of the question of  
22 whether or not asbestos liability was the  
23 sole or precipitating cause of the entity's  
24 chapter 11 filing. The bankruptcy court  
25 shall hold a hearing and make its deter-

1           mination with respect to the motion within  
2           60 days after the date the motion is filed.  
3           In making its determination, the bank-  
4           ruptcy court shall take into account the af-  
5           fidavits, public statements, and securities  
6           filings, and other information, if any, sub-  
7           mitted by the entity and all other facts and  
8           circumstances presented by an objecting  
9           party. Any review of this determination  
10          must be an expedited appeal and limited to  
11          whether the decision was against the  
12          weight of the evidence.

13           (2)   PROCEEDING WITH REORGANIZATION  
14          PLAN.—A bankrupt business entity may proceed  
15          with the filing, solicitation, and confirmation of a  
16          plan of reorganization that does not comply with the  
17          requirements of this Act, including a trust and chan-  
18          neling injunction described in section 524(g) of title  
19          11, United States Code, notwithstanding any other  
20          provisions of this Act, if—

21                   (A) on request of a party in interest or on  
22                   a motion of the court, and after a notice and  
23                   a hearing, the bankruptcy court presiding over  
24                   the chapter 11 case of the bankrupt business  
25                   entity determines that—

1 (i) confirmation is necessary to permit  
2 the reorganization of that entity and as-  
3 sure that all creditors and that entity are  
4 treated fairly and equitably; and

5 (ii) confirmation is clearly favored by  
6 the balance of the equities; and

7 (B) an order confirming the plan of reor-  
8 ganization is entered by the bankruptcy court  
9 within 9 months after the date of enactment of  
10 this Act or such longer period of time approved  
11 by the bankruptcy court for cause shown.

12 (3) APPLICABILITY.—If the bankruptcy court  
13 does not make the required determination, or if an  
14 order confirming the plan is not entered within 9  
15 months after the effective date of this Act or such  
16 longer period of time approved by the bankruptcy  
17 court for cause shown, the provisions of this Act  
18 shall apply to the bankrupt business entity notwith-  
19 standing the certification. Any timely appeal under  
20 title 11, United States Code, from a confirmation  
21 order entered during the applicable time period shall  
22 automatically extend the time during which this Act  
23 is inapplicable to the bankrupt business entity, until  
24 the appeal is fully and finally resolved.

25 (4) OFFSETS.—

1           (A) PAYMENTS BY INSURERS.—To the ex-  
2           tent that a bankrupt business entity or debtor  
3           successfully confirms a plan of reorganization,  
4           including a trust, and channeling injunction  
5           that involves payments by insurers who are oth-  
6           erwise subject to this Act as described in sec-  
7           tion 524(g) of title 11, United States Code, an  
8           insurer who makes payments to the trust, shall  
9           obtain a dollar for dollar reduction in the  
10          amount otherwise payable by that insurer under  
11          this Act to the Fund.

12          (B) CONTRIBUTIONS TO FUND.—Any cash  
13          payments by a bankrupt business entity, if any,  
14          to a trust described in section 524(g) of title  
15          11, United States Code, may be counted as a  
16          contribution to the Fund.

17          (d) TIERS II THROUGH VI.—Except as provided in  
18          subsection (b) of this section and section 204, persons or  
19          affiliated groups are included in Tier II, III, IV, V, or  
20          VI according to the prior asbestos expenditures paid by  
21          such persons or affiliated groups as follows:

22                (1) Tier II: \$75,000,000 or greater.

23                (2) Tier III: \$50,000,000 or greater, but less  
24          than \$75,000,000.

1           (3) Tier IV: \$10,000,000 or greater, but less  
2 than \$50,000,000.

3           (4) Tier V: \$5,000,000 or greater, but less than  
4 \$10,000,000.

5           (5) Tier VI: \$1,000,000 or greater, but less  
6 than \$5,000,000.

7 (e) TIER PLACEMENT AND COSTS.—

8           (1) PERMANENT TIER PLACEMENT.—After a  
9 defendant participant or affiliated group is assigned  
10 to a tier and subtier under section 204(i)(6), the  
11 participant or affiliated group shall remain in that  
12 tier and subtier throughout the life of the Fund, re-  
13 gardless of subsequent events, including—

14                   (A) the filing of a petition under a chapter  
15 of title 11, United States Code;

16                   (B) a discharge of debt in bankruptcy;

17                   (C) the confirmation of a plan of reorga-  
18 nization; or

19                   (D) the sale or transfer of assets to any  
20 other person or affiliated group,

21 unless the Administrator finds that the information  
22 submitted by the participant or affiliated group to  
23 support its inclusion in that tier was inaccurate.

24           (2) COSTS.—Payments to the Fund by all per-  
25 sons that are the subject of a case under a chapter

1 of title 11, United States Code, after the date of en-  
2 actment of this Act—

3 (A) shall constitute costs and expenses of  
4 administration of the case under section 503 of  
5 title 11, United States Code, and shall be pay-  
6 able in accordance with the payment provisions  
7 under this subtitle notwithstanding the pend-  
8 ency of the case under that title 11;

9 (B) shall not be stayed or affected as to  
10 enforcement or collection by any stay or injunc-  
11 tion power of any court; and

12 (C) shall not be impaired or discharged in  
13 any current or future case under title 11,  
14 United States Code.

15 (f) SUPERSEDING PROVISIONS.—

16 (1) IN GENERAL.—All of the following shall be  
17 superseded in their entireties by this Act:

18 (A) The treatment of any asbestos claim in  
19 any plan of reorganization with respect to any  
20 debtor included in Tier I.

21 (B) Any asbestos claim against any debtor  
22 included in Tier I.

23 (C) Any agreement, understanding, or un-  
24 dertaking by any such debtor or any third party  
25 with respect to the treatment of any asbestos



1 claim filed in a debtor's bankruptcy case or  
2 with respect to a debtor before the date of en-  
3 actment of this Act, whenever such debtor's  
4 case is either still pending, if such case is pend-  
5 ing under a chapter other than chapter 11 of  
6 title 11, United States Code, or subject to con-  
7 firmation or substantial consummation of a  
8 plan of reorganization under chapter 11 of title  
9 11, United States Code.

10 (2) PRIOR AGREEMENTS OF NO EFFECT.—Any  
11 plan of reorganization, agreement, understanding, or  
12 undertaking by any debtor or any third party under  
13 paragraph (1) of this subsection, to the extent it re-  
14 lates to any asbestos claim, shall be of no force or  
15 effect, and no person shall have any right or claim  
16 with respect to any of the foregoing.

17 **SEC. 203. SUBTIERS.**

18 (a) IN GENERAL.—

19 (1) SUBTIER LIABILITY.—Except as otherwise  
20 provided under subsections (b), (d), and (l) of sec-  
21 tion 204, persons or affiliated groups shall be in-  
22 cluded within Tiers I through VII and shall pay  
23 amounts to the Fund in accordance with this sec-  
24 tion.

25 (2) REVENUES.—

1 (A) IN GENERAL.—For purposes of this  
2 section, revenues shall be determined in accord-  
3 ance with generally accepted accounting prin-  
4 ciples, consistently applied, using the amount  
5 reported as revenues in the annual report filed  
6 with the Securities and Exchange Commission  
7 in accordance with the Securities Exchange Act  
8 of 1934 (15 U.S.C. 78a et seq.) for the most  
9 recent fiscal year ending on or before December  
10 31, 2002. If the defendant participant or affili-  
11 ated group does not file reports with the Securi-  
12 ties and Exchange Commission, revenues shall  
13 be the amount that the defendant participant or  
14 affiliated group would have reported as reve-  
15 nues under the rules of the Securities and Ex-  
16 change Commission in the event that it had  
17 been required to file.

18 (B) INSURANCE PREMIUMS.—Any portion  
19 of revenues of a defendant participant that is  
20 derived from insurance premiums shall not be  
21 used to calculate the payment obligation of that  
22 defendant participant under this subtitle.

23 (C) DEBTORS.—Each debtor’s revenues  
24 shall include the revenues of the debtor and all  
25 of the direct or indirect majority-owned subsidi-

1           aries of that debtor, except that the pro forma  
2           revenues of a person that is included in Subtier  
3           2 of Tier I shall not be included in calculating  
4           the revenues of any debtor that is a direct or  
5           indirect majority owner of such Subtier 2 per-  
6           son. If a debtor or affiliated group includes a  
7           person in respect of whose liabilities for asbes-  
8           tos claims a class action trust has been estab-  
9           lished, there shall be excluded from the 2002  
10          revenues of such debtor or affiliated group—

11                   (i) all revenues of the person in re-  
12                   spect of whose liabilities for asbestos  
13                   claims the class action trust was estab-  
14                   lished; and

15                   (ii) all revenues of the debtor and af-  
16                   filiated group attributable to the historical  
17                   business operations or assets of such per-  
18                   son, regardless of whether such business  
19                   operations or assets were owned or con-  
20                   ducted during the year 2002 by such per-  
21                   son or by any other person included within  
22                   such debtor and affiliated group.

23          (b) TIER I SUBTIERS.—

1           (1) IN GENERAL.—Each debtor in Tier I shall  
2 be included in subtiers and shall pay amounts to the  
3 Fund as provided under this section.

4           (2) SUBTIER 1.—

5           (A) IN GENERAL.—All persons that are  
6 debtors with prior asbestos expenditures of  
7 \$1,000,000 or greater, shall be included in  
8 Subtier 1.

9           (B) PAYMENT.—Each debtor included in  
10 Subtier 1 shall pay on an annual basis 1.5184  
11 percent of the debtor's 2002 revenues.

12           (C) OTHER ASSETS.—The Administrator,  
13 at the sole discretion of the Administrator, may  
14 allow a Subtier 1 debtor to satisfy its funding  
15 obligation under this paragraph with assets  
16 other than cash if the Administrator determines  
17 that requiring an all-cash payment of the debt-  
18 or's funding obligation would render the debt-  
19 or's reorganization infeasible.

20           (D) LIABILITY.—

21           (i) IN GENERAL.—If a person who is  
22 subject to a case pending under a chapter  
23 of title 11, United States Code, as defined  
24 in section 201(3)(A)(i), does not pay when  
25 due any payment obligation for the debtor,

1 the Administrator shall have the right to  
2 seek payment of all or any portion of the  
3 entire amount due (as well as any other  
4 amount for which the debtor may be liable  
5 under sections 223 and 224) from any of  
6 the direct or indirect majority-owned sub-  
7 sidiaries under section 201(3)(A)(ii).

8 (ii) CAUSE OF ACTION.—Notwith-  
9 standing section 221(e), this Act shall not  
10 preclude actions among persons within a  
11 debtor under section 201(3)(A) (i) and (ii)  
12 with respect to the payment obligations  
13 under this Act.

14 (3) SUBTIER 2.—

15 (A) IN GENERAL.—Notwithstanding para-  
16 graph (2), all persons that are debtors that  
17 have no material continuing business operations  
18 but hold cash or other assets that have been al-  
19 located or earmarked for the settlement of as-  
20 bestos claims shall be included in Subtier 2.

21 (B) ASSIGNMENT OF ASSETS.—Not later  
22 than 90 days after the date of enactment of  
23 this Act, each person included in Subtier 2 shall  
24 assign all of its assets to the Fund.

25 (4) SUBTIER 3.—

1 (A) IN GENERAL.—Notwithstanding para-  
2 graph (2), all persons that are debtors other  
3 than those included in Subtier 2, which have no  
4 material continuing business operations and no  
5 cash or other assets allocated or earmarked for  
6 the settlement of any asbestos claim, shall be  
7 included in Subtier 3.

8 (B) ASSIGNMENT OF UNENCUMBERED AS-  
9 SETS.—Not later than 90 days after the date of  
10 enactment of this Act, each person included in  
11 Subtier 3 shall contribute an amount equal to  
12 50 percent of its total unencumbered assets.

13 (C) CALCULATION OF UNENCUMBERED AS-  
14 SETS.—Unencumbered assets shall be cal-  
15 culated as the Subtier 3 person’s total assets,  
16 excluding insurance-related assets, less—

17 (i) all allowable administrative ex-  
18 penses;

19 (ii) allowable priority claims under  
20 section 507 of title 11, United States  
21 Code; and

22 (iii) allowable secured claims.

23 (5) CLASS ACTION TRUST.—The assets of any  
24 class action trust that has been established in re-  
25 spect of the liabilities for asbestos claims of any per-

1 son included within a debtor and affiliated group  
2 that has been included in Tier I (exclusive of any as-  
3 sets needed to pay previously incurred expenses and  
4 asbestos claims reduced to a final order or judgment  
5 within the meaning of section 403(d)(1) before the  
6 date of enactment of this Act) shall be transferred  
7 to the Fund not later than 6 months after the date  
8 of enactment of this Act.

9 (c) TIER II SUBTIERS.—

10 (1) IN GENERAL.—Each person or affiliated  
11 group in Tier II shall be included in 1 of the 5  
12 subtiers of Tier II, based on the person's or affili-  
13 ated group's revenues. Such subtiers shall each con-  
14 tain as close to an equal number of total persons  
15 and affiliated groups as possible, with—

16 (A) those persons or affiliated groups with  
17 the highest revenues included in Subtier 1;

18 (B) those persons or affiliated groups with  
19 the next highest revenues included in Subtier 2;

20 (C) those persons or affiliated groups with  
21 the lowest revenues included in Subtier 5;

22 (D) those persons or affiliated groups with  
23 the next lowest revenues included in Subtier 4;

24 and

1 (E) those persons or affiliated groups re-  
2 maining included in Subtier 3.

3 (2) PAYMENTS.—Each person or affiliated  
4 group within each subtier shall pay, on an annual  
5 basis, the following:

6 (A) Subtier 1: \$27,500,000.

7 (B) Subtier 2: \$24,750,000.

8 (C) Subtier 3: \$22,000,000.

9 (D) Subtier 4: \$19,250,000.

10 (E) Subtier 5: \$16,500,000.

11 (d) TIER III SUBTIERS.—

12 (1) IN GENERAL.—Each person or affiliated  
13 group in Tier III shall be included in 1 of the 5  
14 subtiers of Tier III, based on the person’s or affili-  
15 ated group’s revenues. Such subtiers shall each con-  
16 tain as close to an equal number of total persons  
17 and affiliated groups as possible, with—

18 (A) those persons or affiliated groups with  
19 the highest revenues included in Subtier 1;

20 (B) those persons or affiliated groups with  
21 the next highest revenues included in Subtier 2;

22 (C) those persons or affiliated groups with  
23 the lowest revenues included in Subtier 5;



1 (D) those persons or affiliated groups with  
2 the next lowest revenues included in Subtier 4;  
3 and

4 (E) those persons or affiliated groups re-  
5 maining included in Subtier 3.

6 (2) PAYMENTS.—Each person or affiliated  
7 group within each subtier shall pay, on an annual  
8 basis, the following:

9 (A) Subtier 1: \$16,500,000.

10 (B) Subtier 2: \$13,750,000.

11 (C) Subtier 3: \$11,000,000.

12 (D) Subtier 4: \$8,250,000.

13 (E) Subtier 5: \$5,500,000.

14 (e) TIER IV SUBTIERS.—

15 (1) IN GENERAL.—Each person or affiliated  
16 group in Tier IV shall be included in 1 of the 4  
17 subtiers of Tier IV, based on the person's or affili-  
18 ated group's revenues. Such subtiers shall each con-  
19 tain as close to an equal number of total persons  
20 and affiliated groups as possible, with those persons  
21 or affiliated groups with the highest revenues in  
22 Subtier 1, those with the lowest revenues in Subtier  
23 4. Those persons or affiliated groups with the high-  
24 est revenues among those remaining will be included  
25 in Subtier 2 and the rest in Subtier 3.

1           (2) PAYMENT.—Each person or affiliated group  
2 within each subtier shall pay, on an annual basis,  
3 the following:

4                   (A) Subtier 1: \$3,850,000.

5                   (B) Subtier 2: \$2,475,000.

6                   (C) Subtier 3: \$1,650,000.

7                   (D) Subtier 4: \$550,000.

8           (f) TIER V SUBTIERS.—

9           (1) IN GENERAL.—Each person or affiliated  
10 group in Tier V shall be included in 1 of the 3  
11 subtiers of Tier V, based on the person's or affili-  
12 ated group's revenues. Such subtiers shall each con-  
13 tain as close to an equal number of total persons  
14 and affiliated groups as possible, with those persons  
15 or affiliated groups with the highest revenues in  
16 Subtier 1, those with the lowest revenues in Subtier  
17 3, and those remaining in Subtier 2.

18           (2) PAYMENT.—Each person or affiliated group  
19 within each subtier shall pay, on an annual basis,  
20 the following:

21                   (A) Subtier 1: \$1,100,000.

22                   (B) Subtier 2: \$550,000.

23                   (C) Subtier 3: \$220,000.

24           (g) TIER VI SUBTIERS.—

1           (1) IN GENERAL.—Each person or affiliated  
2 group in Tier VI shall be included in 1 of the 3  
3 subtiers of Tier VI, based on the person’s or affili-  
4 ated group’s revenues. Such subtiers shall each con-  
5 tain as close to an equal number of total persons  
6 and affiliated groups as possible, with those persons  
7 or affiliated groups with the highest revenues in  
8 Subtier 1, those with the lowest revenues in Subtier  
9 3, and those remaining in Subtier 2.

10           (2) PAYMENT.—Each person or affiliated group  
11 within each subtier shall pay, on an annual basis,  
12 the following:

13                   (A) Subtier 1: \$550,000.

14                   (B) Subtier 2: \$275,000.

15                   (C) Subtier 3: \$110,000.

16           (h) TIER VII.—

17           (1) IN GENERAL.—Notwithstanding prior as-  
18 bestos expenditures that might qualify a person or  
19 affiliated group to be included in Tiers II, III, IV,  
20 V, or VI, a person or affiliated group shall also be  
21 included in Tier VII, if the person or affiliated  
22 group—

23                   (A) is or has at any time been subject to  
24 asbestos claims brought under the Federal Em-  
25 ployers’ Liability Act (45 U.S.C. 51 et seq.) as

1 a result of operations as a common carrier by  
2 railroad; and

3 (B) has paid (including any payments  
4 made by others on behalf of such person or af-  
5 filiated group) not less than \$5,000,000 in set-  
6 tlement, judgment, defense, or indemnity costs  
7 relating to such claims.

8 (2) ADDITIONAL AMOUNT.—The payment re-  
9 quirement for persons or affiliated groups included  
10 in Tier VII shall be in addition to any payment re-  
11 quirement applicable to such person or affiliated  
12 group under Tiers II through VI.

13 (3) SUBTIER 1.—Each person or affiliated  
14 group in Tier VII with revenues of \$5,000,000,000  
15 or more is included in Subtier 1 and shall make an-  
16 nual payments of \$10,000,000 to the Fund.

17 (4) SUBTIER 2.—Each person or affiliated  
18 group in Tier VII with revenues of less than  
19 \$5,000,000,000, but not less than \$3,000,000,000 is  
20 included in Subtier 2 and shall make annual pay-  
21 ments of \$5,000,000 to the Fund.

22 (5) SUBTIER 3.—Each person or affiliated  
23 group in Tier VII with revenues of less than  
24 \$3,000,000,000, but not less than \$500,000,000 is

1 included in Subtier 3 and shall make annual pay-  
2 ments of \$500,000 to the Fund.

3 (6) JOINT VENTURE REVENUES AND LIABIL-  
4 ITY.—

5 (A) REVENUES.—For purposes of this sub-  
6 section, the revenues of a joint venture shall be  
7 included on a pro rata basis reflecting relative  
8 joint ownership to calculate the revenues of the  
9 parents of that joint venture. The joint venture  
10 shall not be responsible for a contribution  
11 amount under this subsection.

12 (B) LIABILITY.—For purposes of this sub-  
13 section, the liability under the Act of April 22,  
14 1908 (45 U.S.C. 51 et seq.), commonly known  
15 as the Federal Employers' Liability Act, shall  
16 be attributed to the parent owners of the joint  
17 venture on a pro rata basis, reflecting their rel-  
18 ative share of ownership. The joint venture  
19 shall not be responsible for a payment amount  
20 under this provision.

21 **SEC. 204. ASSESSMENT ADMINISTRATION.**

22 (a) IN GENERAL.—Subject to subsection (m), each  
23 defendant participant or affiliated group shall pay to the  
24 Fund in the amounts provided under this subtitle as ap-

1 appropriate for its tier and subtier each year until the earlier  
2 to occur of the following:

3 (1) The participant or affiliated group has sat-  
4 isfied its obligations under this subtitle during the  
5 first 23 annual payment cycles of the operation of  
6 the Fund.

7 (2) The amount received by the Fund from de-  
8 fendant participants, excluding any amounts rebated  
9 to defendant participants under subsection (d),  
10 equals the maximum aggregate payment obligation  
11 of section 202(a)(2).

12 (b) SMALL BUSINESS EXEMPTION.—Notwith-  
13 standing any other provision of this subtitle, a person or  
14 affiliated group that is a small business concern (as de-  
15 fined under section 3 of the Small Business Act (15  
16 U.S.C. 632)), on December 31, 2002, is exempt from any  
17 payment requirement under this subtitle and shall not be  
18 included in the subtier allocations under section 203.

19 (c) PROCEDURES.—The Administrator shall pre-  
20 scribe procedures on how amounts payable under this sub-  
21 title are to be paid, including, to the extent the Adminis-  
22 trator determines appropriate, procedures relating to pay-  
23 ment in installments.

24 (d) ADJUSTMENTS.—

1           (1) IN GENERAL.—Under expedited procedures  
2 established by the Administrator, a defendant partici-  
3 pant may seek adjustment of the amount of its pay-  
4 ment obligation based on severe financial hardship  
5 or demonstrated inequity. The Administrator may  
6 determine whether to grant an adjustment and the  
7 size of any such adjustment, in accordance with this  
8 subsection. A defendant participant has a right to  
9 obtain a rehearing of the Administrator’s determina-  
10 tion under this subsection under the procedures pre-  
11 scribed in subsection (i)(10). The Administrator may  
12 adjust a defendant participant’s payment obligations  
13 under this subsection, either by forgiving the rel-  
14 evant portion of the otherwise applicable payment  
15 obligation or by providing relevant rebates from the  
16 defendant hardship and inequity adjustment account  
17 created under subsection (j) after payment of the  
18 otherwise applicable payment obligation, at the dis-  
19 cretion of the Administrator.

20           (2) FINANCIAL HARDSHIP ADJUSTMENTS.—

21           (A) IN GENERAL.—A defendant partici-  
22 pant may apply for an adjustment based on fi-  
23 nancial hardship at any time during the period  
24 in which a payment obligation to the Fund re-  
25 mains outstanding and may qualify for such ad-

1           justment by demonstrating that the amount of  
2           its payment obligation under the statutory allo-  
3           cation would constitute a severe financial hard-  
4           ship.

5           (B) TERM.—Subject to the annual avail-  
6           ability of funds in the defendant hardship and  
7           inequity adjustment account established under  
8           subsection (j), a financial hardship adjustment  
9           under this subsection shall have a term of 3  
10          years.

11          (C) RENEWAL.—After an initial hardship  
12          adjustment is granted under this paragraph, a  
13          defendant participant may renew its hardship  
14          adjustment by demonstrating that it remains  
15          justified.

16          (D) REINSTATEMENT.—Following the ex-  
17          piration of the hardship adjustment period pro-  
18          vided for under this section and during the  
19          funding period prescribed under subsection (a)  
20          or (m), the Administrator shall annually deter-  
21          mine whether there has been a material change  
22          in the financial condition of the defendant par-  
23          ticipant such that the Administrator may, con-  
24          sistent with the policies and legislative intent  
25          underlying this Act, reinstate under terms and



1 conditions established by the Administrator any  
2 part or all of the defendant participant's pay-  
3 ment obligation under the statutory allocation  
4 that was not paid during the hardship adjust-  
5 ment term.

6 (3) INEQUITY ADJUSTMENTS.—

7 (A) IN GENERAL.—A defendant partici-  
8 pant—

9 (i) may qualify for an adjustment  
10 based on inequity by demonstrating that  
11 the amount of its payment obligation  
12 under the statutory allocation is exception-  
13 ally inequitable—

14 (I) when measured against the  
15 amount of the likely cost to the de-  
16 fendant participant net of insurance  
17 of its future liability in the tort sys-  
18 tem in the absence of the Fund; or

19 (II) when compared to the me-  
20 dian payment rate for all defendant  
21 participants in the same tier; or

22 (III) when measured against the  
23 percentage of the prior asbestos ex-  
24 penditures of the defendant that were  
25 incurred with respect to claims that

1           neither resulted in an adverse judg-  
2           ment against the defendant, nor were  
3           the subject of a settlement that re-  
4           quired a payment to a plaintiff by or  
5           on behalf of that defendant; and

6           (ii) shall qualify for a two-tier main  
7           tier and a two-tier subtier adjustment re-  
8           ducing the defendant participant's pay-  
9           ment obligation based on inequity by dem-  
10          onstrating that not less than 95 percent of  
11          such person's prior asbestos expenditures  
12          arose from claims related to the manufac-  
13          ture and sale of railroad locomotives and  
14          related products, so long as such person's  
15          manufacture and sale of railroad loco-  
16          motives and related products is temporally  
17          and causally remote. For purposes of this  
18          clause, a person's manufacture and sale of  
19          railroad locomotives and related products  
20          shall be deemed to be temporally and caus-  
21          ally remote if the asbestos claims histori-  
22          cally and generally filed against such per-  
23          son relate to the manufacture and sale of  
24          railroad locomotives and related products

1           by an entity dissolved more than 25 years  
2           before the date of enactment of this Act.

3           (B) PAYMENT RATE.—For purposes of  
4           subparagraph (A), the payment rate of a de-  
5           fendant participant is the payment amount of  
6           the defendant participant as a percentage of  
7           such defendant participant’s gross revenues for  
8           the year ending December 31, 2002.

9           (C) TERM.—Subject to the annual avail-  
10          ability of funds in the defendant hardship and  
11          inequity adjustment account established under  
12          subsection (j), an inequity adjustment under  
13          this subsection shall have a term of 3 years.

14          (D) RENEWAL.—A defendant participant  
15          may renew an inequity adjustment every 3  
16          years by demonstrating that the adjustment re-  
17          mains justified.

18          (E) REINSTATEMENT.—

19                 (i) IN GENERAL.—Following the ter-  
20                 mination of an inequity adjustment under  
21                 subparagraph (A), and during the funding  
22                 period prescribed under subsection (a) or  
23                 (m), the Administrator shall annually de-  
24                 termine whether there has been a material  
25                 change in conditions which would support

1 a finding that the amount of the defendant  
2 participant's payment under the statutory  
3 allocation was not inequitable. Based on  
4 this determination, the Administrator may,  
5 consistent with the policies and legislative  
6 intent underlying this Act, reinstate any or  
7 all of the payment obligations of the de-  
8 fendant participant as if the inequity ad-  
9 justment had not been granted for that 3-  
10 year period.

11 (ii) TERMS AND CONDITIONS.—In the  
12 event of a reinstatement under clause (i),  
13 the Administrator may require the defend-  
14 ant participant to pay any part or all of  
15 amounts not paid due to the inequity ad-  
16 justment on such terms and conditions as  
17 established by the Administrator.

18 (4) LIMITATION ON ADJUSTMENTS.—The ag-  
19 gregate total of financial hardship adjustments  
20 under paragraph (2) and inequity adjustments under  
21 paragraph (3) in effect in any given year shall not  
22 exceed \$250,000,000, except to the extent additional  
23 monies are available for such adjustments as a re-  
24 sult of carryover of prior years' funds under sub-

1 section (j)(3) or as a result of monies being made  
2 available in that year under subsection (k)(1)(A).

3 (5) ADVISORY PANELS.—

4 (A) APPOINTMENT.—The Administrator  
5 shall appoint a Financial Hardship Adjustment  
6 Panel and an Inequity Adjustment Panel to ad-  
7 vise the Administrator in carrying out this sub-  
8 section.

9 (B) MEMBERSHIP.—The membership of  
10 the panels appointed under subparagraph (A)  
11 may overlap.

12 (C) COORDINATION.—The panels ap-  
13 pointed under subparagraph (A) shall coordi-  
14 nate their deliberations and advice.

15 (e) LIMITATION ON LIABILITY.—The liability of each  
16 defendant participant to pay to the Fund shall be limited  
17 to the payment obligations under this Act, and, except as  
18 provided in subsection (f) and section 203(b)(2)(D), no  
19 defendant participant shall have any liability for the pay-  
20 ment obligations of any other defendant participant.

21 (f) CONSOLIDATION OF PAYMENTS.—

22 (1) IN GENERAL.—For purposes of determining  
23 the payment levels of defendant participants, any af-  
24 filiated group including 1 or more defendant partici-  
25 pants may irrevocably elect, as part of the submis-

1 sions to be made under paragraphs (1) and (3) of  
2 subsection (i), to report on a consolidated basis all  
3 of the information necessary to determine the pay-  
4 ment level under this subtitle and pay to the Fund  
5 on a consolidated basis.

6 (2) ELECTION.—If an affiliated group elects  
7 consolidation as provided in this subsection—

8 (A) for purposes of this Act other than  
9 this subsection, the affiliated group shall be  
10 treated as if it were a single participant, includ-  
11 ing with respect to the assessment of a single  
12 annual payment under this subtitle for the en-  
13 tire affiliated group;

14 (B) the ultimate parent of the affiliated  
15 group shall prepare and submit each submission  
16 to be made under subsection (i) on behalf of the  
17 entire affiliated group and shall be solely liable,  
18 as between the Administrator and the affiliated  
19 group only, for the payment of the annual  
20 amount due from the affiliated group under this  
21 subtitle, except that, if the ultimate parent does  
22 not pay when due any payment obligation for  
23 the affiliated group, the Administrator shall  
24 have the right to seek payment of all or any  
25 portion of the entire amount due (as well as

1 any other amount for which the affiliated group  
2 may be liable under sections 223 and 224) from  
3 any member of the affiliated group;

4 (C) all members of the affiliated group  
5 shall be identified in the submission under sub-  
6 section (i) and shall certify compliance with this  
7 subsection and the Administrator's regulations  
8 implementing this subsection; and

9 (D) the obligations under this subtitle shall  
10 not change even if, after the date of enactment  
11 of this Act, the beneficial ownership interest be-  
12 tween any members of the affiliated group shall  
13 change.

14 (3) CAUSE OF ACTION.—Notwithstanding sec-  
15 tion 221(e), this Act shall not preclude actions  
16 among persons within an affiliated group with re-  
17 spect to the payment obligations under this Act.

18 (g) DETERMINATION OF PRIOR ASBESTOS EXPENDI-  
19 TURES.—

20 (1) IN GENERAL.—For purposes of determining  
21 a defendant participant's prior asbestos expendi-  
22 tures, the Administrator shall prescribe such rules  
23 as may be necessary or appropriate to assure that  
24 payments by indemnitors before December 31, 2002,  
25 shall be counted as part of the indemnitor's prior as-

1       bestos expenditures, rather than the indemnitee's  
2       prior asbestos expenditures, in accordance with this  
3       subsection.

4               (2) INDEMNIFIABLE COSTS.—If an indemnitor  
5       has paid or reimbursed to an indemnitee any  
6       indemnifiable cost or otherwise made a payment on  
7       behalf of or for the benefit of an indemnitee to a  
8       third party for an indemnifiable cost before Decem-  
9       ber 31, 2002, the amount of such indemnifiable cost  
10      shall be solely for the account of the indemnitor for  
11      purposes under this Act.

12              (3) INSURANCE PAYMENTS.—When computing  
13      the prior asbestos expenditures with respect to an  
14      asbestos claim, any amount paid or reimbursed by  
15      insurance shall be solely for the account of the  
16      indemnitor, even if the indemnitor would have no di-  
17      rect right to the benefit of the insurance, if—

18                      (A) such insurance has been paid or reim-  
19                      bursed to the indemnitor or the indemnitee, or  
20                      paid on behalf of or for the benefit of the  
21                      indemnitee; and

22                      (B) the indemnitor has either, with respect  
23                      to such asbestos claim or any similar asbestos  
24                      claim, paid or reimbursed to its indemnitee any  
25                      indemnifiable cost or paid to any third party on



1           behalf of or for the benefit of the indemnitee  
2           any indemnifiable cost.

3           (h) MINIMUM ANNUAL PAYMENTS.—

4           (1) IN GENERAL.—Except as provided under  
5           subsection (m), the aggregate annual payments of  
6           defendant participants to the Fund shall be at least  
7           \$2,500,000,000 for each calendar year in the first  
8           23 years of the Fund, or until such shorter time as  
9           the condition set forth in subsection (a)(2) of this  
10          section is attained.

11          (2) GUARANTEED PAYMENT ACCOUNT.—To the  
12          extent payments in accordance with sections 202  
13          and 203 (as modified by subsections (b), (d), (f) and  
14          (g) of this section) fail in any year to raise at least  
15          \$2,500,000,000 net of any adjustments under sub-  
16          section (d), the balance needed to meet this required  
17          minimum aggregate annual payment shall be ob-  
18          tained from the defendant guaranteed payment ac-  
19          count established under subsection (k).

20          (3) GUARANTEED PAYMENT SURCHARGE.—To  
21          the extent the procedure set forth in paragraph (2)  
22          is insufficient to satisfy the required minimum ag-  
23          gregate annual payment net of any adjustments  
24          under subsection (d), the Administrator may assess

1 a guaranteed payment surcharge under subsection  
2 (l).

3 (i) PROCEDURES FOR MAKING PAYMENTS.—

4 (1) INITIAL YEAR: TIERS II–VI.—

5 (A) IN GENERAL.—Not later than 180  
6 days after enactment of this Act, each defend-  
7 ant participant that is included in Tiers II, III,  
8 IV, V, or VI shall file with the Administrator—

9 (i) a statement of whether the defend-  
10 ant participant irrevocably elects to report  
11 on a consolidated basis under subsection  
12 (f);

13 (ii) a good faith estimate of its prior  
14 asbestos expenditures;

15 (iii) a statement of its 2002 revenues,  
16 determined in accordance with section  
17 203(a)(2); and

18 (iv) payment in the amount specified  
19 in section 203 for the lowest subtier of the  
20 tier within which the defendant participant  
21 falls, except that if the defendant partici-  
22 pant, or the affiliated group including the  
23 defendant participant, had 2002 revenues  
24 exceeding \$3,000,000,000, it or its affili-  
25 ated group shall pay the amount specified

1           for Subtier 3 of Tiers II, III, or IV or  
2           Subtier 2 of Tiers V or VI, depending on  
3           the applicable Tier.

4           (B) RELIEF.—The Administrator shall es-  
5           tablish procedures to grant a defendant partici-  
6           pant relief from its initial payment obligation  
7           where the participant shows that it is likely to  
8           qualify for a financial hardship adjustment, and  
9           that failure to provide interim relief would  
10          cause severe irreparable harm. The Administra-  
11          tor’s refusal to grant such relief is subject to  
12          immediate judicial review under section 303.

13          (2) INITIAL YEAR: TIER I.—Not later than 90  
14          days after enactment of this Act, each debtor shall  
15          file with the Administrator—

16                 (A) a statement identifying the bankruptcy  
17                 case(s) associated with the debtor;

18                 (B) a statement whether its prior asbestos  
19                 expenditures exceed \$1,000,000;

20                 (C) a statement whether it has material  
21                 continuing business operations and, if not,  
22                 whether it holds cash or other assets that have  
23                 been allocated or earmarked for asbestos settle-  
24                 ments;

1 (D) in the case of debtors falling within  
2 Subtier 1 of Tier I, a statement of the debtor's  
3 2002 revenues, determined in accordance with  
4 section 203(a)(2), and a payment under section  
5 203(b)(2)(B);

6 (E) in the case of debtors falling within  
7 Subtier 2 of Tier I, an assignment of its assets  
8 under section 203(b)(3)(B); and

9 (F) in the case of debtors falling within  
10 Subtier 3 of Tier I, a payment under section  
11 203(b)(4)(B), and a statement of how such  
12 payment was calculated.

13 (3) INITIAL YEAR: TIER VII.—Not later than 90  
14 days after enactment of this Act, each defendant  
15 participant in Tier VII shall file with the Adminis-  
16 trator—

17 (A) a good faith estimate of all payments  
18 of the type described in section 203(h)(1) (as  
19 modified by section 203(h)(6));

20 (B) a statement of revenues calculated in  
21 accordance with sections 203(a)(2) and 203(h);  
22 and

23 (C) payment in the amount specified in  
24 section 203(h).

1           (4) NOTICE TO PARTICIPANTS.—Not later than  
2           240 days after enactment of this Act, the Adminis-  
3           trator shall—

4                   (A) directly notify all reasonably identifi-  
5                   able defendant participants of the requirement  
6                   to submit information necessary to calculate the  
7                   amount of any required payment to the Fund;  
8                   and

9                   (B) publish in the Federal Register a no-  
10                  tice setting forth the criteria in this Act, and as  
11                  prescribed by the Administrator in accordance  
12                  with this Act, for paying under this subtitle as  
13                  a defendant participant and requiring any per-  
14                  son who may be a defendant participant to sub-  
15                  mit such information.

16           (5) RESPONSE REQUIRED.—

17                   (A) IN GENERAL.—Any person who re-  
18                   ceives notice under paragraph (4)(A), and any  
19                   other person meeting the criteria specified in  
20                   the notice published under paragraph (4)(B),  
21                   shall provide the Administrator with an address  
22                   to send any notice from the Administrator in  
23                   accordance with this Act and all the informa-  
24                   tion required by the Administrator in accord-

1           ance with this subsection no later than the ear-  
2           lier of—

3                   (i) 30 days after the receipt of direct  
4                   notice; or

5                   (ii) 30 days after the publication of  
6                   notice in the Federal Register.

7           (B) CERTIFICATION.—The response sub-  
8           mitted under subparagraph (A) shall be signed  
9           by a responsible corporate officer, general part-  
10          ner, proprietor, or individual of similar author-  
11          ity, who shall certify under penalty of law the  
12          completeness and accuracy of the information  
13          submitted.

14          (C) CONSENT TO AUDIT AUTHORITY.—The  
15          response submitted under subparagraph (A)  
16          shall include, on behalf of the defendant partici-  
17          pant or affiliated group, a consent to the Ad-  
18          ministrator’s audit authority under section  
19          221(d).

20          (6) NOTICE OF INITIAL DETERMINATION.—

21                  (A) IN GENERAL.—Not later than 60 days  
22                  after receiving a response under paragraph (5),  
23                  the Administrator shall send the person a notice  
24                  of initial determination identifying the tier and  
25                  subtier, if any, into which the person falls and

1 the annual payment obligation, if any, to the  
2 Fund, which determination shall be based on  
3 the information received from the person under  
4 this subsection and any other pertinent infor-  
5 mation available to the Administrator and iden-  
6 tified to the defendant participant.

7 (B) NO RESPONSE; INCOMPLETE RE-  
8 SPONSE.—If no response in accordance with  
9 paragraph (5) is received from a defendant par-  
10 ticipant, or if the response is incomplete, the  
11 initial determination shall be based on the best  
12 information available to the Administrator.

13 (C) PAYMENTS.—Within 30 days of receiv-  
14 ing a notice of initial determination requiring  
15 payment, the defendant participant shall pay  
16 the Administrator the amount required by the  
17 notice, after deducting any previous payment  
18 made by the participant under this subsection.  
19 If the amount that the defendant participant is  
20 required to pay is less than any previous pay-  
21 ment made by the participant under this sub-  
22 section, the Administrator shall credit any ex-  
23 cess payment against the future payment obli-  
24 gations of that defendant participant. The  
25 pendency of a petition for rehearing under

1 paragraph (10) shall not stay the obligation of  
2 the participant to make the payment specified  
3 in the Administrator's notice.

4 (7) EXEMPTIONS FOR INFORMATION RE-  
5 QUIRED.—

6 (A) PRIOR ASBESTOS EXPENDITURES.—In  
7 lieu of submitting information related to prior  
8 asbestos expenditures as may be required for  
9 purposes of this subtitle, a non-debtor defend-  
10 ant participant may consent to be assigned to  
11 Tier II.

12 (B) REVENUES.—In lieu of submitting in-  
13 formation related to revenues as may be re-  
14 quired for purposes of this subtitle, a non-debt-  
15 or defendant participant may consent to be as-  
16 signed to Subtier 1 of the defendant partici-  
17 pant's applicable tier.

18 (8) NEW INFORMATION.—

19 (A) EXISTING PARTICIPANT.—The Admin-  
20 istrator shall adopt procedures for requiring ad-  
21 ditional payment, or refunding amounts already  
22 paid, based on new information received.

23 (B) ADDITIONAL PARTICIPANT.—If the  
24 Administrator, at any time, receives information  
25 that an additional person may qualify as a de-



1           defendant participant, the Administrator shall re-  
2           quire such person to submit information nec-  
3           essary to determine whether that person is re-  
4           quired to make payments, and in what amount,  
5           under this subtitle and shall make any deter-  
6           mination or take any other act consistent with  
7           this Act based on such information or any other  
8           information available to the Administrator with  
9           respect to such person.

10           (9) SUBPOENAS.—The Administrator may re-  
11           quest the Attorney General to subpoena persons to  
12           compel testimony, records, and other information  
13           relevant to its responsibilities under this section. The  
14           Attorney General may enforce such subpoena in ap-  
15           propriate proceedings in the United States district  
16           court for the district in which the person to whom  
17           the subpoena was addressed resides, was served, or  
18           transacts business.

19           (10) REHEARING.—A defendant participant has  
20           a right to obtain rehearing of the Administrator’s  
21           determination under this subsection of the applicable  
22           tier or subtier and of the Administrator’s determina-  
23           tion under subsection (d) of a financial hardship or  
24           inequity adjustment, if the request for rehearing is  
25           filed within 30 days after the defendant participant’s

1 receipt of notice from the Administrator of the de-  
2 termination. A defendant participant may not file an  
3 action under section 303 unless the defendant par-  
4 ticipant requests a rehearing under this paragraph.

5 (j) DEFENDANT HARDSHIP AND INEQUITY ADJUST-  
6 MENT ACCOUNT.—

7 (1) IN GENERAL.—To the extent the total pay-  
8 ments by defendant participants in any given year  
9 exceed the minimum aggregate annual payments  
10 under subsection (h) of this section, excess monies  
11 up to a maximum of \$250,000,000 in any such year  
12 shall be placed in a defendant hardship and inequity  
13 adjustment account established within the Fund by  
14 the Administrator.

15 (2) USE OF ACCOUNT MONIES.—Monies from  
16 the defendant hardship and inequity adjustment ac-  
17 count shall be preserved and administered like the  
18 remainder of the Fund, but shall be reserved and  
19 may be used only—

20 (A) to make up for any relief granted to a  
21 defendant participant for severe financial hard-  
22 ship or demonstrated inequity under subsection  
23 (d) of this section or to reimburse any defend-  
24 ant participant granted such relief after its pay-  
25 ment of the amount otherwise due; and

1 (B) if the condition set forth in subsection  
2 (a)(2) of this section is met, for any purpose  
3 that the Fund may serve under this Act, unless  
4 the Administrator shall have published a final  
5 certification requiring a contingent call under  
6 subsection (m)(3)(D).

7 (3) CARRYOVER OF UNUSED FUNDS.—To the  
8 extent the Administrator does not, in any given year,  
9 use all of the funds allocated to the account under  
10 paragraph (1) for adjustments granted under sub-  
11 section (d), remaining funds in the account shall be  
12 carried forward for use by the Administrator for ad-  
13 justments in subsequent years.

14 (k) DEFENDANT GUARANTEED PAYMENT AC-  
15 COUNT.—

16 (1) IN GENERAL.—Subject to subsections (h)  
17 and (j), in the event there are excess monies paid by  
18 defendant participants in any given year, such mon-  
19 ies—

20 (A) may be used to provide additional ad-  
21 justments under subsection (d), up to a max-  
22 imum aggregate of \$50,000,000 in such year;  
23 and

24 (B) to the extent not used under subpara-  
25 graph (A), shall be placed in a defendant guar-

1           anted payment account established within the  
2           Fund by the Administrator.

3           (2) USE OF ACCOUNT MONIES.—Monies from  
4           the defendant guaranteed payment account shall be  
5           preserved and administered like the remainder of the  
6           Fund, but shall be reserved and may be used only—

7                   (A) to ensure the minimum aggregate an-  
8                   nual payment set forth in subsection (h) net of  
9                   any adjustments under subsection (d) is  
10                  reached each year; and

11                   (B) if the condition set forth in subsection  
12                   (a)(2) of this section is met, for any purpose  
13                   that the Fund may serve under this Act, unless  
14                   the Administrator shall have published a final  
15                   certification requiring a contingent call under  
16                   subsection (m)(3)(D).

17           (1) GUARANTEED PAYMENT SURCHARGE.—

18                   (1) IN GENERAL.—To the extent there are in-  
19                   sufficient monies in the defendant guaranteed pay-  
20                   ment account established in subsection (k) to attain  
21                   the minimum aggregate annual payment net of any  
22                   adjustments under subsection (d) in any given year,  
23                   the Administrator may impose on each defendant  
24                   participant a surcharge as necessary to raise the bal-  
25                   ance required to attain the minimum aggregate an-

1 nual payment net of any adjustments under sub-  
2 section (d), as provided in this subsection. Any such  
3 surcharge shall be imposed on a pro rata basis, in  
4 accordance with each defendant participant's relative  
5 annual liability under sections 202 and 203 (as  
6 modified by subsections (b), (d), (f), and (g) of this  
7 section).

8 (2) CERTIFICATION.—

9 (A) IN GENERAL.—Before imposing a  
10 guaranteed payment surcharge under this sub-  
11 section, the Administrator shall certify that he  
12 or she has used all reasonable efforts to collect  
13 mandatory payments for all defendant partici-  
14 pants, including by using the authority in sub-  
15 section (i)(9) of this section and section 223.

16 (B) NOTICE AND COMMENT.—Before mak-  
17 ing a final certification under subparagraph  
18 (C), the Administrator shall publish a notice in  
19 the Federal Register of a proposed certification  
20 and provide in such notice for a public comment  
21 period of 30 days.

22 (C) FINAL CERTIFICATION.—

23 (i) IN GENERAL.—The Administrator  
24 shall publish a notice of the final certifi-  
25 cation in the Federal Register after consid-

1           eration of all comments submitted under  
2           subparagraph (B).

3                   (ii) WRITTEN NOTICE.—Not later  
4           than 30 days after publishing any final  
5           certification under clause (i), the Adminis-  
6           trator shall provide each defendant partici-  
7           pant with written notice of that defendant  
8           participant’s payment, including the  
9           amount of any surcharge.

10           (m) CONTINGENT CALL FOR MANDATORY ADDI-  
11           TIONAL PAYMENTS.—

12                   (1) IN GENERAL.—Notwithstanding section  
13           202(a)(2) and subsection (a) of this section, the Ad-  
14           ministrators may require additional payments to the  
15           Fund by defendant participants, subsequent to the  
16           payment by defendant participants of the maximum  
17           aggregate payment obligation in section 202(a)(2),  
18           as provided in this subsection.

19                   (2) CONTINGENT CALL PAYMENTS.—If the Ad-  
20           ministrators has certified or certifies the necessity of  
21           additional payments as provided in paragraph (3),  
22           the Administrator may require the defendant partici-  
23           pants to pay in accordance with paragraph (5) up to  
24           an aggregate maximum of \$10,000,000,000 of addi-  
25           tional payments subsequent to the payment by de-

1 defendant participants of the maximum aggregate pay-  
2 ment obligation in section 202(a)(2).

3 (3) CONTINGENT CALL CERTIFICATION.—

4 (A) IN GENERAL.—Before invoking the au-  
5 thority to require additional mandatory pay-  
6 ments under this subsection, the Administrator  
7 shall certify, after consultation with appropriate  
8 experts, that the entirety of the contingent call  
9 amount invoked is necessary to meet the  
10 Fund’s obligations.

11 (B) INITIAL NOTICE.—Before making any  
12 certification under subparagraph (A), the Ad-  
13 ministrator shall publish a notice in the Federal  
14 Register of the proposed certification, including  
15 a description and explanation of the Adminis-  
16 trator’s analysis supporting the certification of  
17 the Administrator.

18 (C) COMMENTS FROM DEFENDANT PAR-  
19 TICIPANTS.—Not later than 60 days after the  
20 publication of the notice under subparagraph  
21 (B), a defendant participant may provide the  
22 Administrator with additional information to  
23 support a determination that all or some of the  
24 additional payments from defendant partici-

1 pants set forth in the notice are or are not re-  
2 quired.

3 (D) FINAL CERTIFICATION.—

4 (i) IN GENERAL.—The Administrator  
5 shall publish a final notice in the Federal  
6 Register after consideration of all com-  
7 ments submitted under subparagraph (C).

8 (ii) WRITTEN NOTICE.—If the Admin-  
9 istrator certifies the need for the contin-  
10 gent call for additional payments, the Ad-  
11 ministrator shall provide each defendant  
12 participant with written notice of that de-  
13 fendant participant’s schedule of payments  
14 under this subsection.

15 (4) BORROWING CAPACITY.—To the extent pro-  
16 vided in section 221(b)(3), the Administrator may  
17 borrow against the mandatory additional payments  
18 required under this subsection at any time after  
19 issuing the final certification under paragraph (3).

20 (5) ALLOCATION.—Any additional payments to  
21 the Fund by defendant participants under this sub-  
22 section shall be allocated among them in proportion  
23 to the amounts provided under sections 202 and 203  
24 (as modified by subsections (b), (d), (f), and (g) of  
25 this section). If the Administrator determines that



1 the full amount of funding that would otherwise be  
2 generated in any year by the funding provisions of  
3 sections 202, 203, and 204 is not required for pur-  
4 poses of this subsection, the Administrator shall re-  
5 duce the amounts paid by all defendant participants  
6 on the same basis.

7 (6) ENFORCEMENT.—The additional payments  
8 required under this subsection may be enforced in  
9 the same manner and to the same extent as the en-  
10 forcement of payments under section 223.

11 **Subtitle B—Asbestos Insurers**  
12 **Commission**

13 **SEC. 210. DEFINITION.**

14 In this subtitle, the term “captive insurance com-  
15 pany” means a company—

16 (1) whose entire beneficial interest is owned on  
17 the date of enactment of this Act, directly or indi-  
18 rectly, by a defendant participant or by the ultimate  
19 parent or the affiliated group of a defendant partici-  
20 pant;

21 (2) whose primary commercial business during  
22 the period from calendar years 1940 through 1986  
23 was to provide insurance to its ultimate parent or  
24 affiliated group, or any portion of the affiliated  
25 group or a combination thereof; and

1           (3) that was incorporated or operating no later  
2           than December 31, 2002.

3 **SEC. 211. ESTABLISHMENT OF ASBESTOS INSURERS COM-**  
4 **MISSION.**

5           (a) **ESTABLISHMENT.**—There is established the As-  
6 bestos Insurers Commission (referred to in this subtitle  
7 as the “Commission”) to carry out the duties described  
8 in section 212.

9           (b) **MEMBERSHIP.**—

10           (1) **APPOINTMENT.**—The Commission shall be  
11 composed of 5 members who shall be appointed by  
12 the President, by and with the advice and consent  
13 of the Senate.

14           (2) **QUALIFICATIONS.**—

15           (A) **EXPERTISE.**—Members of the Com-  
16 mission shall have sufficient expertise to fulfill  
17 their responsibilities under this subtitle.

18           (B) **CONFLICT OF INTEREST.**—

19           (i) **IN GENERAL.**—No member of the  
20 Commission appointed under paragraph  
21 (1) may be an employee or immediate fam-  
22 ily member of an employee of an insurer  
23 participant. No member of the Commission  
24 may be a former employee or shareholder

1 of any insurer participant, unless that is  
2 fully disclosed.

3 (ii) DEFINITION.—In clause (i), the  
4 term “shareholder” shall not include a  
5 broadly based mutual fund that may, from  
6 time-to-time include the stocks of insurer  
7 participants as a portion of its overall  
8 holdings.

9 (C) FEDERAL EMPLOYMENT.—A member  
10 of the Commission may not be an officer or em-  
11 ployee of the Federal Government, except by  
12 reason of membership on the Commission.

13 (3) PERIOD OF APPOINTMENT.—Members shall  
14 be appointed for the life of the Commission.

15 (4) VACANCIES.—Any vacancy in the Commis-  
16 sion shall be filled in the same manner as the origi-  
17 nal appointment.

18 (5) CHAIRMAN.—The President shall select a  
19 Chairman from among its members.

20 (c) MEETINGS.—

21 (1) INITIAL MEETING.—Not later than 30 days  
22 after the date on which all members of the Commis-  
23 sion have been appointed, the Commission shall hold  
24 its first meeting.

1           (2) SUBSEQUENT MEETINGS.—The Commission  
2 shall meet at the call of the Chairman as necessary  
3 to accomplish the duties under section 212.

4           (3) QUORUM.—No business may be conducted  
5 or hearings held without the participation of a ma-  
6 jority of the members of the Commission.

7 **SEC. 212. DUTIES OF ASBESTOS INSURERS COMMISSION.**

8           (a) DETERMINATION OF INSURER PAYMENT OBLIGA-  
9 TIONS.—

10           (1) IN GENERAL.—

11           (A) DEFINITIONS.—For the purposes of  
12 this Act, the terms “insurer” and “insurer par-  
13 ticipant” shall, unless stated otherwise, include  
14 direct insurers and reinsurers, as well as any  
15 run-off entity established, in whole or in part,  
16 to review and pay asbestos claims.

17           (B) PROCEDURES FOR DETERMINING IN-  
18 SURER PAYMENTS.—The Commission shall de-  
19 termine the amount that each insurer partici-  
20 pant shall be required to pay into the Fund  
21 under the procedures described in this section.  
22 The Commission shall make this determination  
23 by first promulgating a rule establishing a  
24 methodology for allocation of payments among  
25 insurer participants and then applying such

1 methodology to determine the individual pay-  
2 ment for each insurer participant. The method-  
3 ology may include 1 or more allocation formulas  
4 to be applied to all insurer participants or  
5 groups of similarly situated participants. The  
6 Commission's rule shall include a methodology  
7 for adjusting payments by insurer participants  
8 to make up, during any applicable payment  
9 year, any amount by which aggregate insurer  
10 payments fall below the level required in para-  
11 graph (3)(C). Under this procedure, not later  
12 than 120 days after the initial meeting of the  
13 Commission, the Commission shall commence a  
14 rulemaking proceeding under section 213(a) to  
15 propose and adopt a methodology for allocating  
16 payments among insurer participants. In pro-  
17 posing an allocation methodology, the Commis-  
18 sion may consult with such actuaries and other  
19 experts as it deems appropriate. After hearings  
20 and public comment on the proposed allocation  
21 methodology, the Commission shall as promptly  
22 as possible promulgate a final rule establishing  
23 such methodology. After promulgation of the  
24 final rule, the Commission shall determine the  
25 individual payment of each insurer participant

1 under the procedures set forth in subsection  
2 (b).

3 (C) SCOPE.—Every insurer, reinsurer, and  
4 runoff entity with asbestos-related obligations  
5 in the United States shall be subject to the  
6 Commission’s and Administrator’s authority  
7 under this Act, including allocation determina-  
8 tions, and shall be required to fulfill its pay-  
9 ment obligation without regard as to whether it  
10 is licensed in the United States. Every insurer  
11 participant not licensed or domiciled in the  
12 United States shall, upon the first payment to  
13 the Fund, submit a written consent to the Com-  
14 mission’s and Administrator’s authority under  
15 this Act, and to the jurisdiction of the courts of  
16 the United States for purposes of enforcing this  
17 Act, in a form determined by the Adminis-  
18 trator. Any insurer participant refusing to pro-  
19 vide a written consent shall be subject to fines  
20 and penalties as provided in section 223.

21 (2) AMOUNT OF PAYMENTS.—

22 (A) AGGREGATE PAYMENT OBLIGATION.—

23 The total payment required of all insurer par-  
24 ticipants over the life of the Fund shall be  
25 equal to \$46,025,000,000.

1           (B) ACCOUNTING STANDARDS.—In deter-  
2           mining the payment obligations of participants  
3           that are not licensed or domiciled in the United  
4           States or that are runoff entities, the Commis-  
5           sion shall use accounting standards required for  
6           United States licensed direct insurers.

7           (C) CAPTIVE INSURANCE COMPANIES.—No  
8           payment to the Fund shall be required from a  
9           captive insurance company, unless and only to  
10          the extent a captive insurance company, on the  
11          date of enactment of this Act, has liability, di-  
12          rectly or indirectly, for any asbestos claim of a  
13          person or persons other than and unaffiliated  
14          with its ultimate parent or affiliated group or  
15          pool in which the ultimate parent participates  
16          or participated, or unaffiliated with a person  
17          that was its ultimate parent or a member of its  
18          affiliated group or pool at the time the relevant  
19          insurance or reinsurance was issued by the cap-  
20          tive insurance company.

21          (D) SEVERAL LIABILITY.—Unless other-  
22          wise provided under this Act, each insurer par-  
23          ticipant's obligation to make payments to the  
24          Fund is several. Unless otherwise provided  
25          under this Act, there is no joint liability and the

1 future insolvency by any insurer participant  
2 shall not affect the payment required of any  
3 other insurer participant.

4 (3) PAYMENT CRITERIA.—

5 (A) INCLUSION IN INSURER PARTICIPANT  
6 CATEGORY.—Insurers that have paid, or been  
7 assessed by a legal judgment or settlement, at  
8 least \$1,000,000 in defense and indemnity costs  
9 before the date of enactment of this Act in re-  
10 sponse to claims for compensation for asbestos  
11 injuries arising from a policy of liability insur-  
12 ance or contract of liability reinsurance or  
13 retrocessional reinsurance shall be insurer par-  
14 ticipants in the Fund. Other insurers shall be  
15 exempt from mandatory payments.

16 (B) INSURER PARTICIPANT ALLOCATION  
17 METHODOLOGY.—

18 (i) IN GENERAL.—The Commission  
19 shall establish the payment obligations of  
20 individual insurer participants to reflect,  
21 on an equitable basis, the relative tort sys-  
22 tem liability of the participating insurers in  
23 the absence of this Act, considering and  
24 weighting, as appropriate (but exclusive of  
25 workers' compensation), such factors as—



1 (I) historic premium for lines of  
2 insurance associated with asbestos ex-  
3 posure over relevant periods of time;

4 (II) recent loss experience for as-  
5 bestos liability;

6 (III) amounts reserved for asbes-  
7 tos liability;

8 (IV) the likely cost to each in-  
9 surer participant of its future liabil-  
10 ities under applicable insurance poli-  
11 cies; and

12 (V) any other factor the Commis-  
13 sion may determine is relevant and  
14 appropriate.

15 (ii) DETERMINATION OF RESERVES.—

16 The Commission may establish procedures  
17 and standards for determination of the as-  
18 bestos reserves of insurer participants. The  
19 reserves of a United States licensed rein-  
20 surer that is wholly owned by, or under  
21 common control of, a United States li-  
22 censed direct insurer shall be included as  
23 part of the direct insurer's reserves when  
24 the reinsurer's financial results are in-  
25 cluded as part of the direct insurer's

1 United States operations, as reflected in  
2 footnote 33 of its filings with the National  
3 Association of Insurance Commissioners or  
4 in published financial statements prepared  
5 in accordance with generally accepted ac-  
6 counting principles.

7 (C) PAYMENT SCHEDULE.—The aggregate  
8 annual amount of payments by insurer partici-  
9 pants over the life of the Fund shall be as fol-  
10 lows:

11 (i) For year 1, \$2,700,000,000.

12 (ii) For year 2, \$2,700,000,000.

13 (iii) For year 3 through 5,  
14 \$5,075,000,000 annually.

15 (iv) For years 6 through 17,  
16 \$1,625,000,000 annually.

17 (v) For years 18 through 21,  
18 \$1,350,000,000 annually.

19 (vi) For years 22 through 26,  
20 \$1,080,000,000 annually.

21 (vii) For year 27, \$100,000,000.

22 (D) CERTAIN RUNOFF ENTITIES.—

23 (i) IN GENERAL.—Whenever the Com-  
24 mission requires payments by a runoff en-  
25 tity that has assumed asbestos-related li-

1 abilities from a Lloyds syndicate or names  
2 that are members of such a syndicate, the  
3 Commission shall not require payments  
4 from such syndicates and names to the ex-  
5 tent that the runoff entity makes its re-  
6 quired payments. In addition, such syn-  
7 dicates and names shall be required to  
8 make payments to the Fund in the amount  
9 of any adjustment granted to the runoff  
10 entity for severe financial hardship or ex-  
11 ceptional circumstances.

12 (ii) INCLUDED RUNOFF ENTITIES.—

13 Subject to clause (i), a runoff entity shall  
14 include any direct insurer or reinsurer  
15 whose asbestos liability reserves have been  
16 transferred, directly or indirectly, to the  
17 runoff entity and on whose behalf the run-  
18 off entity handles or adjusts and, where  
19 appropriate, pays asbestos claims.

20 (E) FINANCIAL HARDSHIP AND EXCEP-  
21 TIONAL CIRCUMSTANCE ADJUSTMENTS.—

22 (i) IN GENERAL.—Under the proce-  
23 dures established in subsection (b), an in-  
24 surer participant may seek adjustment of  
25 the amount of its payments based on ex-

1 ceptional circumstances or severe financial  
2 hardship.

3 (ii) FINANCIAL ADJUSTMENTS.—An  
4 insurer participant may qualify for an ad-  
5 justment based on severe financial hard-  
6 ship by demonstrating that payment of the  
7 amounts required by the Commission’s  
8 methodology would jeopardize the solvency  
9 of such participant.

10 (iii) EXCEPTIONAL CIRCUMSTANCE  
11 ADJUSTMENT.—An insurer participant  
12 may qualify for an adjustment based on  
13 exceptional circumstances by dem-  
14 onstrating—

15 (I) that the amount of its pay-  
16 ments under the Commission’s alloca-  
17 tion methodology is exceptionally in-  
18 equitable when measured against the  
19 amount of the likely cost to the par-  
20 ticipant of its future liability in the  
21 tort system in the absence of the  
22 Fund;

23 (II) an offset credit as described  
24 in subsection (b)(4) (A) and (C); or

1 (III) other exceptional cir-  
2 cumstances.

3 The Commission may determine whether  
4 to grant an adjustment and the size of any  
5 such adjustment, but adjustments shall not  
6 reduce the aggregate payment obligations  
7 of insurer participants specified in para-  
8 graph (2)(A) and (3)(C).

9 (iv) TIME PERIOD OF ADJUSTMENT.—  
10 Except for adjustments for offset credits,  
11 adjustments granted under this subsection  
12 shall have a term not to exceed 3 years. An  
13 insurer participant may renew its adjust-  
14 ment by demonstrating to the Adminis-  
15 trator that it remains justified.

16 (b) PROCEDURE FOR NOTIFYING INSURER PARTICI-  
17 PANTS OF INDIVIDUAL PAYMENT OBLIGATIONS.—

18 (1) NOTICE TO PARTICIPANTS.—Not later than  
19 30 days after promulgation of the final rule estab-  
20 lishing an allocation methodology under subsection  
21 (a)(1), the Commission shall—

22 (A) directly notify all reasonably identifi-  
23 able insurer participants of the requirement to  
24 submit information necessary to calculate the

1 amount of any required payment to the Fund  
2 under the allocation methodology; and

3 (B) publish in the Federal Register a no-  
4 tice requiring any person who may be an in-  
5 surer participant (as determined by criteria out-  
6 lined in the notice) to submit such information.

7 (2) RESPONSE REQUIRED BY INDIVIDUAL IN-  
8 SURER PARTICIPANTS.—

9 (A) IN GENERAL.—Any person who re-  
10 ceives notice under paragraph (1)(A), and any  
11 other person meeting the criteria specified in  
12 the notice published under paragraph (1)(B),  
13 shall respond by providing the Commission with  
14 all the information requested in the notice  
15 under a schedule or by a date established by  
16 the Commission.

17 (B) CERTIFICATION.—The response sub-  
18 mitted under subparagraph (A) shall be signed  
19 by a responsible corporate officer, general part-  
20 ner, proprietor, or individual of similar author-  
21 ity, who shall certify under penalty of law the  
22 completeness and accuracy of the information  
23 submitted.

24 (3) NOTICE TO INSURER PARTICIPANTS OF INI-  
25 TIAL PAYMENT DETERMINATION.—

1 (A) IN GENERAL.—Within 120 days after  
2 receipt of the information required by para-  
3 graph (2), the Commission shall send each in-  
4 surer participant a notice of initial determina-  
5 tion requiring payments to the Fund, which  
6 shall be based on the information received from  
7 the participant in response to the Commission’s  
8 request for information. An insurer partici-  
9 pant’s payments shall be payable over the  
10 schedule established in subsection (a)(3)(C), in  
11 annual amounts proportionate to the aggregate  
12 annual amount of payments for all insurer par-  
13 ticipants for the applicable year.

14 (B) NO RESPONSE; INCOMPLETE RE-  
15 SPONSE.—If no response is received from an in-  
16 surer participant, or if the response is incom-  
17 plete, the initial determination requiring a pay-  
18 ment from the insurer participant shall be  
19 based on the best information available to the  
20 Commission.

21 (4) COMMISSION REVIEW, REVISION AND FINAL-  
22 IZATION OF INITIAL PAYMENT DETERMINATIONS.—

23 (A) COMMENTS FROM INSURER PARTICI-  
24 PANTS.—Not later than 30 days after receiving  
25 a notice of initial determination from the Com-

1 mission, an insurer participant may provide the  
2 Commission with additional information to sup-  
3 port limited adjustments to the required pay-  
4 ments to reflect severe financial hardship or ex-  
5 ceptional circumstances, including the provision  
6 of an offset credit for an insurer participant for  
7 the amount of any asbestos-related payments it  
8 made or was legally obligated to make, includ-  
9 ing payments released from an escrow, as the  
10 result of a bankruptcy judicially confirmed after  
11 May 22, 2003, but before the date of enactment  
12 of this Act.

13 (B) ADDITIONAL PARTICIPANTS.—If, be-  
14 fore the final determination of the Commission,  
15 the Commission receives information that an  
16 additional person may qualify as an insurer  
17 participant, the Commission shall require such  
18 person to submit information necessary to de-  
19 termine whether payments from that person  
20 should be required, in accordance with the re-  
21 quirements of this subsection.

22 (C) REVISION PROCEDURES.—The Com-  
23 mission shall adopt procedures for revising ini-  
24 tial payments based on information received  
25 under subparagraphs (A) and (B), including a



1 provision requiring an offset credit for an in-  
2 surer participant for the amount of any asbes-  
3 tos-related payments it made or was legally ob-  
4 ligated to make, including payments released  
5 from an escrow, as the result of a bankruptcy  
6 confirmed after May 22, 2003, but before the  
7 date of enactment of this Act.

8 (5) EXAMINATIONS AND SUBPOENAS.—

9 (A) EXAMINATIONS.—The Commission  
10 may conduct examinations of the books and  
11 records of insurer participants to determine the  
12 completeness and accuracy of information sub-  
13 mitted, or required to be submitted, to the  
14 Commission for purposes of determining partic-  
15 ipant payments.

16 (B) SUBPOENAS.—The Commission may  
17 request the Attorney General to subpoena per-  
18 sons to compel testimony, records, and other in-  
19 formation relevant to its responsibilities under  
20 this section. The Attorney General may enforce  
21 such subpoena in appropriate proceedings in  
22 the United States district court for the district  
23 in which the person to whom the subpoena was  
24 addressed resides, was served, or transacts  
25 business.

1           (6) ESCROW PAYMENTS.—Without regard to an  
2 insurer participant’s payment obligation under this  
3 section, any escrow or similar account established  
4 before the enactment of this Act by an insurer par-  
5 ticipant in connection with an asbestos trust fund  
6 that has not been judicially confirmed by final order  
7 by the date of enactment of this Act shall be the  
8 property of the insurer participant and returned to  
9 that insurer participant.

10           (7) NOTICE TO INSURER PARTICIPANTS OF  
11 FINAL PAYMENT DETERMINATIONS.—Not later than  
12 60 days after the notice of initial determination is  
13 sent to the insurer participants, the Commission  
14 shall send each insurer participant a notice of final  
15 determination.

16           (c) INSURER PARTICIPANTS VOLUNTARY ALLOCA-  
17 TION AGREEMENT.—

18           (1) IN GENERAL.—Not later than 30 days after  
19 the Commission proposes its rule establishing an al-  
20 location methodology under subsection (a)(1), direct  
21 insurer participants licensed or domiciled in the  
22 United States, other direct insurer participants, re-  
23 insurer participants licensed or domiciled in the  
24 United States, or other reinsurer participants, may

1 submit an allocation agreement, approved by all of  
2 the participants in the applicable group, to—

3 (A) the Commission;

4 (B) the Committee on the Judiciary of the  
5 Senate; and

6 (C) the Committee on the Judiciary of the  
7 House of Representatives.

8 (2) ALLOCATION AGREEMENT.—To the extent  
9 the participants in any such applicable group volun-  
10 tarily agree upon an allocation arrangement, any  
11 such allocation agreement shall only govern the allo-  
12 cation of payments within that group and shall not  
13 determine the aggregate amount due from that  
14 group.

15 (3) CERTIFICATION.—The Commission shall de-  
16 termine whether an allocation agreement submitted  
17 under subparagraph (A) meets the requirements of  
18 this subtitle and, if so, shall certify the agreement  
19 as establishing the allocation methodology governing  
20 the individual payment obligations of the partici-  
21 pants who are parties to the agreement. The author-  
22 ity of the Commission under this subtitle shall, with  
23 respect to participants who are parties to a certified  
24 allocation agreement, terminate on the day after the  
25 Commission certifies such agreement. Under sub-

1 section (f), the Administrator shall assume responsi-  
2 bility, if necessary, for calculating the individual  
3 payment obligations of participants who are parties  
4 to the certified agreement.

5 (d) COMMISSION REPORT.—

6 (1) RECIPIENTS.—Until the work of the Com-  
7 mission has been completed and the Commission ter-  
8 minated, the Commission shall submit an annual re-  
9 port, containing the information described under  
10 paragraph (2), to—

11 (A) the Committee on the Judiciary of the

12 Senate;

13 (B) the Committee on the Judiciary of the

14 House of Representatives; and

15 (C) the Administrator.

16 (2) CONTENTS.—The report under paragraph  
17 (1) shall state the amount that each insurer partici-  
18 pant is required to pay to the Fund, including the  
19 payment schedule for such payments.

20 (e) INTERIM PAYMENTS.—

21 (1) AUTHORITY OF ADMINISTRATOR.—During  
22 the period between the date of enactment of this Act  
23 and the date when the Commission issues its final  
24 determinations of payments, the Administrator shall  
25 have the authority to require insurer participants to

1 make interim payments to the Fund to assure ade-  
2 quate funding by insurer participants during such  
3 period.

4 (2) AMOUNT OF INTERIM PAYMENTS.—During  
5 any applicable year, the Administrator may require  
6 insurer participants to make aggregate interim pay-  
7 ments not to exceed the annual aggregate amount  
8 specified in subsection (a)(3)(C).

9 (3) ALLOCATION OF PAYMENTS.—Interim pay-  
10 ments shall be allocated among individual insurer  
11 participants on an equitable basis as determined by  
12 the Administrator. All payments required under this  
13 subparagraph shall be credited against the partici-  
14 pant's ultimate payment obligation to the Fund es-  
15 tablished by the Commission. If an interim payment  
16 exceeds the ultimate payment, the Fund shall pay  
17 interest on the amount of the overpayment at a rate  
18 determined by the Administrator. If the ultimate  
19 payment exceeds the interim payment, the partici-  
20 pant shall pay interest on the amount of the under-  
21 payment at the same rate. Any participant may seek  
22 an exemption from or reduction in any payment re-  
23 quired under this subsection under the financial  
24 hardship and exceptional circumstance standards es-  
25 tablished in subsection (a)(3)(D).

1           (4) APPEAL OF INTERIM PAYMENT DECI-  
2           SIONS.—A decision by the Administrator to establish  
3           an interim payment obligation shall be considered  
4           final agency action and reviewable under section  
5           303, except that the reviewing court may not stay an  
6           interim payment during the pendency of the appeal.

7           (f) TRANSFER OF AUTHORITY FROM THE COMMIS-  
8           SION TO THE ADMINISTRATOR.—

9           (1) IN GENERAL.—Upon termination of the  
10          Commission under section 215, the Administrator  
11          shall assume all the responsibilities and authority of  
12          the Commission, except that the Administrator shall  
13          not have the power to modify the allocation method-  
14          ology established by the Commission or by certified  
15          agreement or to promulgate a rule establishing any  
16          such methodology.

17          (2) FINANCIAL HARDSHIP AND EXCEPTIONAL  
18          CIRCUMSTANCE ADJUSTMENTS.—Upon termination  
19          of the Commission under section 215, the Adminis-  
20          trator shall have the authority, upon application by  
21          any insurer participant, to make adjustments to an-  
22          nual payments upon the same grounds as provided  
23          in subsection (a)(3)(D). Adjustments granted under  
24          this subsection shall have a term not to exceed 3  
25          years. An insurer participant may renew its adjust-

1 ment by demonstrating that it remains justified.  
2 Upon the grant of any adjustment, the Adminis-  
3 trator shall increase the payments required of all  
4 other insurer participants so that there is no reduc-  
5 tion in the aggregate payment required of all insurer  
6 participants for the applicable years. The increase in  
7 an insurer participant's required payment shall be in  
8 proportion to such participant's share of the aggre-  
9 gate payment obligation of all insurer participants.

10 (3) FINANCIAL SECURITY REQUIREMENTS.—

11 Whenever an insurer participant's A.M. Best's  
12 claims payment rating or Standard and Poor's fi-  
13 nancial strength rating falls below A-, and until  
14 such time as either the insurer participant's A.M.  
15 Best's Rating or Standard and Poor's rating is  
16 equal to or greater than A-, the Administrator  
17 shall have the authority to require that the partici-  
18 pating insurer either—

19 (A) pay the present value of its remaining  
20 Fund payments at a discount rate determined  
21 by the Administrator; or

22 (B) provide an evergreen letter of credit or  
23 financial guarantee for future payments issued  
24 by an institution with an A.M. Best's claims

1           payment rating or Standard & Poor's financial  
2           strength rating of at least A+.

3           (g) JUDICIAL REVIEW.—The Commission's rule es-  
4           tablishing an allocation methodology, its final determina-  
5           tions of payment obligations and other final action shall  
6           be judicially reviewable as provided in title III.

7           **SEC. 213. POWERS OF ASBESTOS INSURERS COMMISSION.**

8           (a) RULEMAKING.—The Commission shall promul-  
9           gate such rules and regulations as necessary to implement  
10          its authority under this Act, including regulations gov-  
11          erning an allocation methodology. Such rules and regula-  
12          tions shall be promulgated after providing interested par-  
13          ties with the opportunity for notice and comment.

14          (b) HEARINGS.—The Commission may hold such  
15          hearings, sit and act at such times and places, take such  
16          testimony, and receive such evidence as the Commission  
17          considers advisable to carry out this Act. The Commission  
18          shall also hold a hearing on any proposed regulation estab-  
19          lishing an allocation methodology, before the Commis-  
20          sion's adoption of a final regulation.

21          (c) INFORMATION FROM FEDERAL AGENCIES.—The  
22          Commission may secure directly from any Federal depart-  
23          ment or agency such information as the Commission con-  
24          siders necessary to carry out this Act. Upon request of  
25          the Chairman of the Commission, the head of such depart-



1 ment or agency shall furnish such information to the Com-  
2 mission.

3 (d) **POSTAL SERVICES.**—The Commission may use  
4 the United States mails in the same manner and under  
5 the same conditions as other departments and agencies of  
6 the Federal Government.

7 (e) **GIFTS.**—The Commission may not accept, use, or  
8 dispose of gifts or donations of services or property.

9 (f) **EXPERT ADVICE.**—In carrying out its responsibil-  
10 ities, the Commission may enter into such contracts and  
11 agreements as the Commission determines necessary to  
12 obtain expert advice and analysis.

13 **SEC. 214. PERSONNEL MATTERS.**

14 (a) **COMPENSATION OF MEMBERS.**—Each member of  
15 the Commission shall be compensated at a rate equal to  
16 the daily equivalent of the annual rate of basic pay pre-  
17 scribed for level IV of the Executive Schedule under sec-  
18 tion 5315 of title 5, United States Code, for each day (in-  
19 cluding travel time) during which such member is engaged  
20 in the performance of the duties of the Commission.

21 (b) **TRAVEL EXPENSES.**—The members of the Com-  
22 mission shall be allowed travel expenses, including per  
23 diem in lieu of subsistence, at rates authorized for employ-  
24 ees of agencies under subchapter I of chapter 57 of title  
25 5, United States Code, while away from their homes or

1 regular places of business in the performance of services  
2 for the Commission.

3 (c) STAFF.—

4 (1) IN GENERAL.—The Chairman of the Com-  
5 mission may, without regard to the civil service laws  
6 and regulations, appoint and terminate an executive  
7 director and such other additional personnel as may  
8 be necessary to enable the Commission to perform  
9 its duties. The employment of an executive director  
10 shall be subject to confirmation by the Commission.

11 (2) COMPENSATION.—The Chairman of the  
12 Commission may fix the compensation of the execu-  
13 tive director and other personnel without regard to  
14 chapter 51 and subchapter III of chapter 53 of title  
15 5, United States Code, relating to classification of  
16 positions and General Schedule pay rates, except  
17 that the rate of pay for the executive director and  
18 other personnel may not exceed the rate payable for  
19 level V of the Executive Schedule under section 5316  
20 of such title.

21 (d) DETAIL OF GOVERNMENT EMPLOYEES.—Any  
22 Federal Government employee may be detailed to the  
23 Commission without reimbursement, and such detail shall  
24 be without interruption or loss of civil service status or  
25 privilege.

1 (e) PROCUREMENT OF TEMPORARY AND INTERMIT-  
2 TENT SERVICES.—The Chairman of the Commission may  
3 procure temporary and intermittent services under section  
4 3109(b) of title 5, United States Code, at rates for individ-  
5 uals which do not exceed the daily equivalent of the annual  
6 rate of basic pay prescribed for level V of the Executive  
7 Schedule under section 5316 of such title.

8 **SEC. 215. TERMINATION OF ASBESTOS INSURERS COMMIS-**  
9 **SION.**

10 The Commission shall terminate 90 days after the  
11 last date on which the Commission makes a final deter-  
12 mination of contribution under section 212(b) or 90 days  
13 after the last appeal of any final action by the Commission  
14 is exhausted, whichever occurs later.

15 **SEC. 216. EXPENSES AND COSTS OF COMMISSION.**

16 All expenses of the Commission shall be paid from  
17 the Fund.

18 **Subtitle C—Asbestos Injury Claims**  
19 **Resolution Fund**

20 **SEC. 221. ESTABLISHMENT OF ASBESTOS INJURY CLAIMS**  
21 **RESOLUTION FUND.**

22 (a) ESTABLISHMENT.—There is established in the  
23 Office of Asbestos Disease Compensation the Asbestos In-  
24 jury Claims Resolution Fund, which shall be available to  
25 pay—

1           (1) claims for awards for an eligible disease or  
2           condition determined under title I;

3           (2) claims for reimbursement for medical moni-  
4           toring determined under title I;

5           (3) principal and interest on borrowings under  
6           subsection (b); and

7           (4) administrative expenses to carry out the  
8           provisions of this Act.

9           (b) BORROWING AUTHORITY.—

10           (1) IN GENERAL.—The Administrator is au-  
11           thorized to borrow from time-to-time amounts as set  
12           forth in this subsection, for purposes of enhancing li-  
13           quidity available to the Fund for carrying out the  
14           obligations of the Fund under this Act. The Admin-  
15           istrator may authorize borrowing in such form, over  
16           such term, with such necessary disclosure to its  
17           lenders as will most efficiently enhance the Fund's  
18           liquidity.

19           (2) FEDERAL FINANCING BANK.—In addition to  
20           the general authority in paragraph (1), the Adminis-  
21           trator may borrow from the Federal Financing Bank  
22           in accordance with section 6 of the Federal Financ-  
23           ing Bank Act of 1973 (12 U.S.C. 2285) as needed  
24           for performance of the Administrator's duties under  
25           this Act for the first 2 years.

1           (3) BORROWING CAPACITY.—The maximum  
2 amount that may be borrowed under this subsection  
3 at any given time is the amount that, taking into ac-  
4 count all payment obligations related to all previous  
5 amounts borrowed in accordance with this sub-  
6 section and all committed obligations of the Fund at  
7 the time of borrowing, can be repaid in full (with in-  
8 terest) in a timely fashion from—

9                   (A) the available assets of the Fund as of  
10 the time of borrowing; and

11                   (B) all amounts expected to be paid by  
12 participants (including any contingent call man-  
13 datory additional payments under section  
14 204(m)) during the subsequent 7 years.

15           (4) REPAYMENT OBLIGATIONS.—Repayment of  
16 monies borrowed by the Administrator under this  
17 subsection is limited solely to amounts available in  
18 the Asbestos Injury Claims Resolution Fund estab-  
19 lished under this section.

20           (c) LOCKBOX FOR SEVERE ASBESTOS-RELATED IN-  
21 JURY CLAIMANTS.—

22                   (1) IN GENERAL.—Within the Fund, the Ad-  
23 ministrator shall establish the following accounts:

24                           (A) A Mesothelioma Account, which shall  
25 be used solely to make payments to claimants

1 eligible for an award under the criteria of Level  
2 X.

3 (B) A Lung Cancer Account, which shall  
4 be used solely to make payments to claimants  
5 eligible for an award under the criteria of Level  
6 IX.

7 (C) A Severe Asbestosis Account, which  
8 shall be used solely to make payments to claim-  
9 ants eligible for an award under the criteria of  
10 Level V.

11 (D) A Moderate Asbestosis Account, which  
12 shall be used solely to make payments to claim-  
13 ants eligible for an award under the criteria of  
14 Level IV.

15 (2) ALLOCATION.—The Administrator shall al-  
16 locate to each of the 4 accounts established under  
17 paragraph (1) a portion of payments made to the  
18 Fund adequate to compensate all anticipated claim-  
19 ants for each account. Within 60 days after the date  
20 of enactment of this Act, and periodically during the  
21 life of the Fund, the Administrator shall determine  
22 an appropriate amount to allocate to each account  
23 after consulting appropriate epidemiological and sta-  
24 tistical studies.

25 (d) AUDIT AUTHORITY.—

1           (1) IN GENERAL.—For the purpose of  
2           ascertaining the correctness of any information pro-  
3           vided or payments made to the Fund, or deter-  
4           mining whether a person who has not made a pay-  
5           ment to the Fund was required to do so, or deter-  
6           mining the liability of any person for a payment to  
7           the Fund, or collecting any such liability, or inquir-  
8           ing into any offense connected with the administra-  
9           tion or enforcement of this title, the Administrator  
10          is authorized—

11                   (A) to examine any books, papers, records  
12                   or other data which may be relevant or material  
13                   to such inquiry;

14                   (B) to summon the person liable for a pay-  
15                   ment under this title, or officer or employee of  
16                   such person, or any person having possession,  
17                   custody, or care of books of account containing  
18                   entries relating to the business of the person  
19                   liable or any other person the Administrator  
20                   may deem proper, to appear before the Admin-  
21                   istrator at a time and place named in the sum-  
22                   mons and to produce such books, papers,  
23                   records, or other data, and to give such testi-  
24                   mony, under oath, as may be relevant or mate-  
25                   rial to such inquiry; and

1 (C) to take such testimony of the person  
2 concerned, under oath, as may be relevant or  
3 material to such inquiry.

4 (2) FALSE, FRAUDULENT, OR FICTITIOUS  
5 STATEMENTS OR PRACTICES.—If the Administrator  
6 determines that materially false, fraudulent, or ficti-  
7 tious statements or practices have been submitted or  
8 engaged in by persons submitting information to the  
9 Administrator or to the Asbestos Insurers Commis-  
10 sion or any other person who provides evidence in  
11 support of such submissions for purposes of deter-  
12 mining payment obligations under this Act, the Ad-  
13 ministrator may impose a civil penalty not to exceed  
14 \$10,000 on any person found to have submitted or  
15 engaged in a materially false, fraudulent, or ficti-  
16 tious statement or practice under this Act. The Ad-  
17 ministrator shall promulgate appropriate regulations  
18 to implement this paragraph.

19 (e) NO PRIVATE RIGHT OF ACTION.—Except as pro-  
20 vided in sections 203(b)(2)(D)(ii) and 204(f)(3), there  
21 shall be no private right of action under any Federal or  
22 State law against any participant based on a claim of com-  
23 pliance or noncompliance with this Act or the involvement  
24 of any participant in the enactment of this Act.



1 **SEC. 222. MANAGEMENT OF THE FUND.**

2 (a) IN GENERAL.—Amounts in the Fund shall be  
3 held for the exclusive purpose of providing benefits to as-  
4 bestos claimants and their beneficiaries, including those  
5 provided in subsection (c), and to otherwise defray the rea-  
6 sonable expenses of administering the Fund.

7 (b) INVESTMENTS.—

8 (1) IN GENERAL.—Amounts in the Fund shall  
9 be administered and invested with the care, skill,  
10 prudence, and diligence, under the circumstances  
11 prevailing at the time of such investment, that a  
12 prudent person acting in a like capacity and manner  
13 would use.

14 (2) STRATEGY.—The Administrator shall invest  
15 amounts in the Fund in a manner that enables the  
16 Fund to make current and future distributions to or  
17 for the benefit of asbestos claimants. In pursuing an  
18 investment strategy under this subparagraph, the  
19 Administrator shall consider, to the extent relevant  
20 to an investment decision or action—

21 (A) the size of the Fund;

22 (B) the nature and estimated duration of  
23 the Fund;

24 (C) the liquidity and distribution require-  
25 ments of the Fund;

1 (D) general economic conditions at the  
2 time of the investment;

3 (E) the possible effect of inflation or defla-  
4 tion on Fund assets;

5 (F) the role that each investment or course  
6 of action plays with respect to the overall assets  
7 of the Fund;

8 (G) the expected amount to be earned (in-  
9 cluding both income and appreciation of cap-  
10 ital) through investment of amounts in the  
11 Fund; and

12 (H) the needs of asbestos claimants for  
13 current and future distributions authorized  
14 under this Act.

15 (c) MESOTHELIOMA RESEARCH AND TREATMENT  
16 CENTERS.—

17 (1) IN GENERAL.—The Administrator shall pro-  
18 vide \$1,000,000 from the Fund for each of fiscal  
19 years 2004 through 2008 for each of up to 10 meso-  
20 thelioma disease research and treatment centers.

21 (2) REQUIREMENTS.—The Centers shall—

22 (A) be chosen by the Director of the Na-  
23 tional Institutes of Health;

24 (B) be chosen through competitive peer re-  
25 view;

1 (C) be geographically distributed through-  
2 out the United States with special consideration  
3 given to areas of high incidence of mesothe-  
4 lioma disease;

5 (D) be closely associated with Department  
6 of Veterans Affairs medical centers to provide  
7 research benefits and care to veterans, who  
8 have suffered excessively from mesothelioma;

9 (E) be engaged in research to provide  
10 mechanisms for detection and prevention of  
11 mesothelioma, particularly in the areas of pain  
12 management and cures;

13 (F) be engaged in public education about  
14 mesothelioma and prevention, screening, and  
15 treatment;

16 (G) be participants in the National Meso-  
17 thelioma Registry; and

18 (H) be coordinated in their research and  
19 treatment efforts with other Centers and insti-  
20 tutions involved in exemplary mesothelioma re-  
21 search.

22 **SEC. 223. ENFORCEMENT OF PAYMENT OBLIGATIONS.**

23 (a) **DEFAULT.**—If any participant fails to make any  
24 payment in the amount of and according to the schedule  
25 under this Act or as prescribed by the Administrator, after

1 demand and 30 days opportunity to cure the default, there  
2 shall be a lien in favor of the United States for the amount  
3 of the delinquent payment (including interest) upon all  
4 property and rights to property, whether real or personal,  
5 belonging to such participant.

6 (b) BANKRUPTCY.—In the case of a bankruptcy or  
7 insolvency proceeding, the lien imposed under subsection  
8 (a) shall be treated in the same manner as a lien for taxes  
9 due and owing to the United States for purposes of the  
10 provisions of title 11, United States Code, or section  
11 3713(a) of title 31, United States Code. The United  
12 States Bankruptcy Court shall have jurisdiction over any  
13 issue or controversy regarding lien priority and lien perfec-  
14 tion arising in a bankruptcy case due to a lien imposed  
15 under subsection (a).

16 (c) CIVIL ACTION.—

17 (1) IN GENERAL.—In any case in which there  
18 has been a refusal or failure to pay any liability im-  
19 posed under this Act, the Administrator may bring  
20 a civil action in the United States District Court for  
21 the District of Columbia, or any other appropriate  
22 lawsuit or proceeding outside of the United States—

23 (A) to enforce the liability and any lien of  
24 the United States imposed under this section;

1 (B) to subject any property of the partici-  
2 pant, including any property in which the par-  
3 ticipant has any right, title, or interest, to the  
4 payment of such liability; or

5 (C) for temporary, preliminary, or perma-  
6 nent relief.

7 (2) ADDITIONAL PENALTIES.—In any action  
8 under paragraph (1) in which the refusal or failure  
9 to pay was willful, the Administrator may seek re-  
10 covery—

11 (A) of punitive damages;

12 (B) of the costs of any civil action under  
13 this subsection, including reasonable fees in-  
14 curred for collection, expert witnesses, and at-  
15 torney's fees; and

16 (C) in addition to any other penalty, of a  
17 fine equal to the total amount of the liability  
18 that has not been collected.

19 (d) ENFORCEMENT AUTHORITY AS TO INSURER PAR-  
20 TICIPANTS.—

21 (1) IN GENERAL.—In addition to or in lieu of  
22 the enforcement remedies described in subsection  
23 (c), the Administrator may seek to recover amounts  
24 in satisfaction of a payment not timely paid by an

1 insurer participant under the procedures under this  
2 subsection.

3 (2) SUBROGATION.—To the extent required to  
4 establish personal jurisdiction over nonpaying in-  
5 surer participants, the Administrator shall be  
6 deemed to be subrogated to the contractual rights of  
7 participants to seek recovery from nonpaying insur-  
8 ing participants that are domiciled outside the  
9 United States under the policies of liability insur-  
10 ance or contracts of liability reinsurance or  
11 retrocessional reinsurance applicable to asbestos  
12 claims, and the Administrator may bring an action  
13 or an arbitration against the nonpaying insurer par-  
14 ticipants under the provisions of such policies and  
15 contracts, provided that—

16 (A) any amounts collected under this sub-  
17 section shall not increase the amount of deemed  
18 erosion allocated to any policy or contract under  
19 section 404, or otherwise reduce coverage avail-  
20 able to a participant; and

21 (B) subrogation under this subsection shall  
22 have no effect on the validity of the insurance  
23 policies or reinsurance, and any contrary State  
24 law is expressly preempted.

1           (3) RECOVERABILITY OF CONTRIBUTION.—For  
2 purposes of this subsection—

3           (A) all contributions to the Fund required  
4 of a participant shall be deemed to be sums le-  
5 gally required to be paid for bodily injury re-  
6 sulting from exposure to asbestos;

7           (B) all contributions to the Fund required  
8 of any participant shall be deemed to be a sin-  
9 gular loss arising from a single occurrence under  
10 each contract to which the Administrator is  
11 subrogated; and

12           (C) with respect to reinsurance contracts,  
13 all contributions to the Fund required of a par-  
14 ticipant shall be deemed to be payments to a  
15 single claimant for a single loss.

16           (4) NO CREDIT OR OFFSET.—In any action  
17 brought under this subsection, the nonpaying insurer  
18 or reinsurer shall be entitled to no credit or offset  
19 for amounts collectible or potentially collectible from  
20 any participant nor shall such defaulting participant  
21 have any right to collect any sums payable under  
22 this section from any participant.

23           (5) COOPERATION.—Insureds and cedents shall  
24 cooperate with the Administrator's reasonable re-  
25 quests for assistance in any such proceeding. The

1 positions taken or statements made by the Adminis-  
2 trator in any such proceeding shall not be binding  
3 on or attributed to the insureds or cedents in any  
4 other proceeding. The outcome of such a proceeding  
5 shall not have a preclusive effect on the insureds or  
6 cedents in any other proceeding and shall not be ad-  
7 missible against any subrogee under this section.  
8 The Administrator shall have the authority to settle  
9 or compromise any claims against a nonpaying in-  
10 surer participant under this subsection.

11 (e) BAR ON UNITED STATES BUSINESS.—If any di-  
12 rect insurer or reinsurer refuses to furnish any informa-  
13 tion requested by or to pay any contribution required by  
14 this Act, then, in addition to any other penalties imposed  
15 by this Act, the Administrator may issue an order barring  
16 such entity and its affiliates from insuring risks located  
17 within the United States or otherwise doing business with-  
18 in the United States. Insurer participants or their affili-  
19 ates seeking to obtain a license from any State to write  
20 any type of insurance shall be barred from obtaining any  
21 such license until payment of all contributions required as  
22 of the date of license application.

23 (f) CREDIT FOR REINSURANCE.—If the Adminis-  
24 trator determines that an insurer participant that is a re-  
25 insurer is in default in paying any required contribution



1 or otherwise not in compliance with this Act, the Adminis-  
2 trator may issue an order barring any direct insurer par-  
3 ticipant from receiving credit for reinsurance purchased  
4 from the defaulting reinsurer. Any State law governing  
5 credit for reinsurance to the contrary is preempted.

6 (g) DEFENSE LIMITATION.—In any proceeding under  
7 this section, the participant shall be barred from bringing  
8 any challenge to any determination of the Administrator  
9 or the Asbestos Insurers Commission regarding its liability  
10 under this Act, or to the constitutionality of this Act or  
11 any provision thereof, if such challenge could have been  
12 made during the review provided under section 204(i)(10),  
13 or in a judicial review proceeding under section 303.

14 (h) DEPOSIT OF FUNDS.—

15 (1) IN GENERAL.—Any funds collected under  
16 subsection (c)(2) (A) or (C) shall be—

17 (A) deposited in the Fund; and

18 (B) used only to pay—

19 (i) claims for awards for an eligible  
20 disease or condition determined under title  
21 I; or

22 (ii) claims for reimbursement for med-  
23 ical monitoring determined under title I.

1           (2) NO EFFECT ON OTHER LIABILITIES.—The  
2           imposition of a fine under subsection (c)(2)(C) shall  
3           have no effect on—

4                   (A) the assessment of contributions under  
5                   subtitles A and B; or

6                   (B) any other provision of this Act.

7           (i) PROPERTY OF THE ESTATE.—Section 541(b) of  
8           title 11, United States Code, is amended—

9                   (1) in paragraph (4)(B)(ii), by striking “or” at  
10                  the end;

11                  (2) in paragraph (5), by striking “prohibition.”  
12                  and inserting “prohibition; or”; and

13                  (3) by inserting after paragraph (5) and before  
14                  the last undesignated sentence the following:

15                   “(6) the value of any pending claim against or  
16                   the amount of an award granted from the Asbestos  
17                   Injury Claims Resolution Fund established under  
18                   the Fairness in Asbestos Injury Resolution Act of  
19                   2005.”.

20 **SEC. 224. INTEREST ON UNDERPAYMENT OR NONPAYMENT.**

21           If any amount of payment obligation under this title  
22           is not paid on or before the last date prescribed for pay-  
23           ment, the liable party shall pay interest on such amount  
24           at the Federal short-term rate determined under section  
25           6621(b) of the Internal Revenue Code of 1986, plus 5 per-

1 centage points, for the period from such last date to the  
2 date paid.

### 3 **TITLE III—JUDICIAL REVIEW**

#### 4 **SEC. 301. JUDICIAL REVIEW OF RULES AND REGULATIONS.**

5 (a) **EXCLUSIVE JURISDICTION.**—The United States  
6 Court of Appeals for the District of Columbia Circuit shall  
7 have exclusive jurisdiction over any action to review rules  
8 or regulations promulgated by the Administrator or the  
9 Asbestos Insurers Commission under this Act.

10 (b) **PERIOD FOR FILING PETITION.**—A petition for  
11 review under this section shall be filed not later than 60  
12 days after the date notice of such promulgation appears  
13 in the Federal Register.

#### 14 **SEC. 302. JUDICIAL REVIEW OF AWARD DECISIONS.**

15 (a) **IN GENERAL.**—Any claimant adversely affected  
16 or aggrieved by a final decision of the Administrator  
17 awarding or denying compensation under title I may peti-  
18 tion for judicial review of such decision. Any petition for  
19 review under this section shall be filed within 90 days of  
20 the issuance of a final decision of the Administrator.

21 (b) **EXCLUSIVE JURISDICTION.**—A petition for review  
22 may only be filed in the United States Court of Appeals  
23 for the circuit in which the claimant resides at the time  
24 of the issuance of the final order.

1           (c) STANDARD OF REVIEW.—The court shall uphold  
2 the decision of the Administrator unless the court deter-  
3 mines, upon review of the record as a whole, that the deci-  
4 sion is not supported by substantial evidence, is contrary  
5 to law, or is not in accordance with procedure required  
6 by law.

7 **SEC. 303. JUDICIAL REVIEW OF PARTICIPANTS' ASSESS-**  
8 **MENTS.**

9           (a) EXCLUSIVE JURISDICTION.—The United States  
10 Court of Appeals for the District of Columbia Circuit shall  
11 have exclusive jurisdiction over any action to review a final  
12 determination by the Administrator or the Asbestos Insur-  
13 ers Commission regarding the liability of any person to  
14 make a payment to the Fund, including a notice of appli-  
15 cable subtier assignment under section 204(i), a notice of  
16 financial hardship or inequity determination under section  
17 204(d), and a notice of insurer participant obligation  
18 under section 212(b).

19           (b) PERIOD FOR FILING ACTION.—A petition for re-  
20 view under subsection (a) shall be filed not later than 60  
21 days after a final determination by the Administrator or  
22 the Commission giving rise to the action. Any defendant  
23 participant who receives a notice of its applicable subtier  
24 under section 204(i) or a notice of financial hardship or  
25 inequity determination under section 204(d) shall com-

1 mence any action within 30 days after a decision on re-  
2 hearing under section 204(i)(10), and any insurer partici-  
3 pant who receives a notice of a payment obligation under  
4 section 212(b) shall commence any action within 30 days  
5 after receiving such notice.

6 **SEC. 304. OTHER JUDICIAL CHALLENGES.**

7 (a) **EXCLUSIVE JURISDICTION.**—The United States  
8 District Court for the District of Columbia shall have ex-  
9 clusive jurisdiction over any action for declaratory or in-  
10 junctive relieve challenging any provision of this Act. An  
11 action under this section shall be filed not later than 60  
12 days after the date of enactment of this Act or 60 days  
13 after the final action by the Administrator or the Commis-  
14 sion giving rise to the action, whichever is later.

15 (b) **DIRECT APPEAL.**—A final decision in the action  
16 shall be reviewable on appeal directly to the Supreme  
17 Court of the United States. Such appeal shall be taken  
18 by the filing of a notice of appeal within 30 days, and  
19 the filing of a jurisdictional statement within 60 days, of  
20 the entry of the final decision.

21 (c) **EXPEDITED PROCEDURES.**—It shall be the duty  
22 of the United States District Court for the District of Co-  
23 lumbia and the Supreme Court of the United States to  
24 advance on the docket and to expedite to the greatest pos-  
25 sible extent the disposition of the action and appeal.

1 **SEC. 305. STAYS, EXCLUSIVITY, AND CONSTITUTIONAL RE-**  
2 **VIEW.**

3 (a) NO STAYS.—No court may issue a stay of pay-  
4 ment by any party into the Fund pending its final judg-  
5 ment.

6 (b) EXCLUSIVITY OF REVIEW.—An action of the Ad-  
7 ministrator or the Asbestos Insurers Commission for  
8 which review could have been obtained under section 301,  
9 302, or 303 shall not be subject to judicial review in any  
10 other proceeding.

11 (c) CONSTITUTIONAL REVIEW.—

12 (1) IN GENERAL.—Notwithstanding any other  
13 provision of law, any interlocutory or final judgment,  
14 decree, or order of a Federal court holding this Act,  
15 or any provision or application thereof, unconstitu-  
16 tional shall be reviewable as a matter of right by di-  
17 rect appeal to the Supreme Court.

18 (2) PERIOD FOR FILING APPEAL.—Any such  
19 appeal shall be filed not more than 30 days after  
20 entry of such judgment, decree, or order.

21 **TITLE IV—MISCELLANEOUS**  
22 **PROVISIONS**

23 **SEC. 401. FALSE INFORMATION.**

24 (a) IN GENERAL.—Chapter 63 of title 18, United  
25 States Code, is amended by adding at the end the fol-  
26 lowing:

1 **“§ 1348. Fraud and false statements in connection**  
2 **with participation in Asbestos Injury**  
3 **Claims Resolution Fund**

4 “(a) FRAUD RELATING TO ASBESTOS INJURY  
5 CLAIMS RESOLUTION FUND.—Whoever knowingly and  
6 willfully executes, or attempts to execute, a scheme or arti-  
7 fice to defraud the Office of Asbestos Disease Compensa-  
8 tion or the Asbestos Insurers Commission under title II  
9 of the Fairness in Asbestos Injury Resolution Act of 2005  
10 shall be fined under this title or imprisoned not more than  
11 20 years, or both.

12 “(b) FALSE STATEMENT RELATING TO ASBESTOS  
13 INJURY CLAIMS RESOLUTION FUND.—Whoever, in any  
14 matter involving the Office of Asbestos Disease Compensa-  
15 tion or the Asbestos Insurers Commission, knowingly and  
16 willfully—

17 “(1) falsifies, conceals, or covers up by any  
18 trick, scheme, or device a material fact;

19 “(2) makes any materially false, fictitious, or  
20 fraudulent statements or representations; or

21 “(3) makes or uses any false writing or docu-  
22 ment knowing the same to contain any materially  
23 false, fictitious, or fraudulent statement or entry, in  
24 connection with the award of a claim or the deter-  
25 mination of a participant’s payment obligation under  
26 title I or II of the Fairness in Asbestos Injury Reso-

1 lution Act of 2005 shall be fined under this title or  
2 imprisoned not more than 10 years, or both.”.

3 (b) TECHNICAL AND CONFORMING AMENDMENT.—

4 The table of sections for chapter 63 of title 18, United  
5 States Code, is amended by adding at the end the fol-  
6 lowing:

“1348. Fraud and false statements in connection with participation in Asbestos  
Injury Claims Resolution Fund.”.

7 **SEC. 402. EFFECT ON BANKRUPTCY LAWS.**

8 (a) NO AUTOMATIC STAY.—Section 362(b) of title  
9 11, United States Code, is amended—

10 (1) in paragraph (17), by striking “or” at the  
11 end;

12 (2) in paragraph (18), by striking the period at  
13 the end and inserting “; or”; and

14 (3) by inserting after paragraph (18) the fol-  
15 lowing:

16 “(19) under subsection (a) of this section of the  
17 enforcement of any payment obligations under sec-  
18 tion 204 of the Fairness in Asbestos Injury Resolu-  
19 tion Act of 2005, against a debtor, or the property  
20 of the estate of a debtor, that is a participant (as  
21 that term is defined in section 3 of that Act).”.

22 (b) ASSUMPTION OF EXECUTORY CONTRACT.—Sec-  
23 tion 365 of title 11, United States Code, is amended by  
24 adding at the end the following:



1       “(p) If a debtor is a participant (as that term is de-  
2 fined in section 3 of the Fairness in Asbestos Injury Reso-  
3 lution Act of 2005), the trustee shall be deemed to have  
4 assumed all executory contracts entered into by the partic-  
5 ipant under section 204 of that Act. The trustee may not  
6 reject any such executory contract.”.

7       (c) ALLOWED ADMINISTRATIVE EXPENSES.—Section  
8 503 of title 11, United States Code, is amended by adding  
9 at the end the following:

10       “(c)(1) Claims or expenses of the United States, the  
11 Attorney General, or the Administrator (as that term is  
12 defined in section 3 of the Fairness in Asbestos Injury  
13 Resolution Act of 2005) based upon the asbestos payment  
14 obligations of a debtor that is a Participant (as that term  
15 is defined in section 3 of that Act), shall be paid as an  
16 allowed administrative expense. The debtor shall not be  
17 entitled to either notice or a hearing with respect to such  
18 claims.

19       “(2) For purposes of paragraph (1), the term ‘asbes-  
20 tos payment obligation’ means any payment obligation  
21 under title II of the Fairness in Asbestos Injury Resolu-  
22 tion Act of 2005.”.

23       (d) NO DISCHARGE.—Section 523 of title 11, United  
24 States Code, is amended by adding at the end the fol-  
25 lowing:

1       “(f) A discharge under section 727, 1141, 1228, or  
2 1328 of this title does not discharge any debtor that is  
3 a participant (as that term is defined in section 3 of the  
4 Fairness in Asbestos Injury Resolution Act of 2005) of  
5 the debtor’s payment obligations assessed against the par-  
6 ticipant under title II of that Act.”.

7       (e) PAYMENT.—Section 524 of title 11, United States  
8 Code, is amended by adding at the end the following:

9       “(i) PARTICIPANT DEBTORS.—

10           “(1) IN GENERAL.—Paragraphs (2) and (3)  
11 shall apply to a debtor who—

12                   “(A) is a participant that has made prior  
13 asbestos expenditures (as such terms are de-  
14 fined in the Fairness in Asbestos Injury Resolu-  
15 tion Act of 2005); and

16                   “(B) is subject to a case under this title  
17 that is pending—

18                           “(i) on the date of enactment of the  
19 Fairness in Asbestos Injury Resolution Act  
20 of 2005; or

21                           “(ii) at any time during the 1-year pe-  
22 riod preceding the date of enactment of  
23 that Act.

24           “(2) TIER I DEBTORS.—A debtor that has been  
25 assigned to Tier I under section 202 of the Fairness

1 in Asbestos Injury Resolution Act of 2005 shall  
2 make payments in accordance with sections 202 and  
3 203 of that Act.

4 “(3) TREATMENT OF PAYMENT OBLIGA-  
5 TIONS.—All payment obligations of a debtor under  
6 sections 202 and 203 of the Fairness in Asbestos In-  
7 jury Resolution Act of 2005 shall—

8 “(A) constitute costs and expenses of ad-  
9 ministration of a case under section 503 of this  
10 title;

11 “(B) notwithstanding any case pending  
12 under this title, be payable in accordance with  
13 section 202 of that Act;

14 “(C) not be stayed;

15 “(D) not be affected as to enforcement or  
16 collection by any stay or injunction of any  
17 court; and

18 “(E) not be impaired or discharged in any  
19 current or future case under this title.”.

20 (f) TREATMENT OF TRUSTS.—Section 524 of title  
21 11, United States Code, as amended by this Act, is  
22 amended by adding at the end the following:

23 “(j) ASBESTOS TRUSTS.—

24 “(1) IN GENERAL.—A trust shall assign a por-  
25 tion of the corpus of the trust to the Asbestos Injury

1 Claims Resolution Fund (referred to in this sub-  
2 section as the ‘Fund’) as established under the Fair-  
3 ness in Asbestos Injury Resolution Act of 2005 if  
4 the trust qualifies as a ‘trust’ under section 201 of  
5 that Act.

6 “(2) TRANSFER OF TRUST ASSETS.—

7 “(A) IN GENERAL.—

8 “(i) Except as provided under sub-  
9 paragraphs (B), (C), and (E), the assets in  
10 any trust established to provide compensa-  
11 tion for asbestos claims (as defined in sec-  
12 tion 3 of the Fairness in Asbestos Injury  
13 Resolution Act of 2005) shall be trans-  
14 ferred to the Fund not later than 6  
15 months after the date of enactment of the  
16 Fairness in Asbestos Injury Resolution Act  
17 of 2005 or 30 days following funding of a  
18 trust established under a reorganization  
19 plan subject to section 202(c) of that Act.  
20 Except as provided under subparagraph  
21 (B), the Administrator of the Fund shall  
22 accept such assets and utilize them for any  
23 purposes of the Fund under section 221 of  
24 such Act, including the payment of claims  
25 for awards under such Act to beneficiaries

1 of the trust from which the assets were  
2 transferred.

3 “(ii) Notwithstanding any other provi-  
4 sion of Federal or State law, no liability of  
5 any kind may be imposed on a trustee of  
6 a trust for transferring assets to the Fund  
7 in accordance with clause (i).

8 “(B) AUTHORITY TO REFUSE ASSETS.—  
9 The Administrator of the Fund may refuse to  
10 accept any asset that the Administrator deter-  
11 mines may create liability for the Fund in ex-  
12 cess of the value of the asset.

13 “(C) ALLOCATION OF TRUST ASSETS.—If  
14 a trust under subparagraph (A) has bene-  
15 ficiaries with claims that are not asbestos  
16 claims, the assets transferred to the Fund  
17 under subparagraph (A) shall not include assets  
18 allocable to such beneficiaries. The trustees of  
19 any such trust shall determine the amount of  
20 such trust assets to be reserved for the con-  
21 tinuing operation of the trust in processing and  
22 paying claims that are not asbestos claims. The  
23 trustees shall demonstrate to the satisfaction of  
24 the Administrator, or by clear and convincing  
25 evidence in a proceeding brought before the

1 United States District Court for the District of  
2 Columbia in accordance with paragraph (4),  
3 that the amount reserved is properly allocable  
4 to claims other than asbestos claims.

5 “(D) SALE OF FUND ASSETS.—The invest-  
6 ment requirements under section 222 of the  
7 Fairness in Asbestos Injury Resolution Act of  
8 2005 shall not be construed to require the Ad-  
9 ministrator of the Fund to sell assets trans-  
10 ferred to the Fund under subparagraph (A).

11 “(E) LIQUIDATED CLAIMS.—Except as  
12 specifically provided in this subparagraph, all  
13 asbestos claims against a trust are superseded  
14 and preempted as of the date of enactment of  
15 the Fairness in Asbestos Injury Resolution Act  
16 of 2005, and a trust shall not make any pay-  
17 ment relating to asbestos claims after that date.  
18 If, in the ordinary course and the normal and  
19 usual administration of the trust consistent  
20 with past practices, a trust had before the date  
21 of enactment of the Fairness in Asbestos Injury  
22 Resolution Act of 2005, made all determina-  
23 tions necessary to entitle an individual claimant  
24 to a noncontingent cash payment from the  
25 trust, the trust shall (i) make any lump-sum

1 cash payment due to that claimant, and (ii)  
2 make or provide for all remaining noncontin-  
3 gent payments on any award being paid or  
4 scheduled to be paid on an installment basis, in  
5 each case only to the same extent that the trust  
6 would have made such cash payments in the or-  
7 dinary course and consistent with past practices  
8 before enactment of that Act. A trust shall not  
9 make any payment in respect of any alleged  
10 contingent right to recover any greater amount  
11 than the trust had already paid, or had com-  
12 pleted all determinations necessary to pay, to a  
13 claimant in cash in accordance with its ordinary  
14 distribution procedures in effect as of June 1,  
15 2003.

16 “(3) INJUNCTION.—Any injunction issued as  
17 part of the formation of a trust described in para-  
18 graph (1) shall remain in full force and effect. No  
19 court, Federal or State, may enjoin the transfer of  
20 assets by a trust to the Fund in accordance with  
21 this subsection pending resolution of any litigation  
22 challenging such transfer or the validity of this sub-  
23 section or of any provision of the Fairness in Asbes-  
24 tos Injury Resolution Act of 2005, and an interlocu-  
25 tory order denying such relief shall not be subject to

1 immediate appeal under section 1291(a) of title 28.  
2 Notwithstanding any other provision of law, once  
3 such a transfer has been made, the assets of the  
4 Fund shall be available to satisfy any final judgment  
5 entered in such an action and no longer subject to  
6 any appeal or review, (i) declaring that the transfer  
7 effected a taking of a right or property for which an  
8 individual is constitutionally entitled to just com-  
9 pensation, or (ii) requiring the transfer back to a  
10 trust of any or all assets transferred by that trust  
11 to the Fund.

12 “(4) JURISDICTION.—Solely for purposes of im-  
13 plementing this subsection, personal jurisdiction over  
14 every covered trust, the trustees thereof, and any  
15 other necessary party, and exclusive subject matter  
16 jurisdiction over every question arising out of or re-  
17 lated to this subsection, shall be vested in the United  
18 States District Court for the District of Columbia.  
19 Notwithstanding any other provision of law, includ-  
20 ing section 1127 of this title, that court may make  
21 any order necessary and appropriate to facilitate  
22 prompt compliance with this subsection, including  
23 assuming jurisdiction over and modifying, to the ex-  
24 tent necessary, any applicable confirmation order or  
25 other order with continuing and prospective applica-



1       tion to a covered trust. The court may also resolve  
2       any related challenge to the constitutionality of this  
3       subsection or of its application to any trust, trustee,  
4       or individual claimant. The Administrator of the  
5       Fund may bring an action seeking such an order or  
6       modification, under the standards of rule 60(b) of  
7       the Federal Rules of Civil Procedure or otherwise,  
8       and shall be entitled to intervene as of right in any  
9       action brought by any other party seeking interpre-  
10      tation, application, or invalidation of this subsection.  
11      Any order denying relief that would facilitate prompt  
12      compliance with the transfer provisions of this sub-  
13      section shall be subject to immediate appeal under  
14      section 1291(a) of title 28.”.

15      (g) NO AVOIDANCE OF TRANSFER.—Section 546 of  
16      title 11, United States Code, is amended by adding at the  
17      end the following:

18      “(h) Notwithstanding the rights and powers of a  
19      trustee under sections 544, 545, 547, 548, 549, and 550  
20      of this title, if a debtor is a participant (as that term is  
21      defined in section 3 of the Fairness in Asbestos Injury  
22      Resolution Act of 2005), the trustee may not avoid a  
23      transfer made by the debtor under its payment obligations  
24      under section 202 or 203 of that Act.”.

1 (h) CONFIRMATION OF PLAN.—Section 1129(a) of  
2 title 11, United States Code, is amended by adding at the  
3 end the following:

4 “(14) If the debtor is a participant (as that  
5 term is defined in section 3 of the Fairness in As-  
6 bestos Injury Resolution Act of 2005), the plan pro-  
7 vides for the continuation after its effective date of  
8 payment of all payment obligations under title II of  
9 that Act.”.

10 (i) EFFECT ON INSURANCE RECEIVERSHIP PRO-  
11 CEEDINGS.—

12 (1) LIEN.—In an insurance receivership pro-  
13 ceeding involving a direct insurer, reinsurer or run-  
14 off participant, there shall be a lien in favor of the  
15 Fund for the amount of any assessment and any  
16 such lien shall be given priority over all other claims  
17 against the participant in receivership, except for the  
18 expenses of administration of the receivership. Any  
19 State law that provides for priorities inconsistent  
20 with this provision is preempted by this Act.

21 (2) PAYMENT OF ASSESSMENT.—Payment of  
22 any assessment required by this Act shall not be  
23 subject to any automatic or judicially entered stay in  
24 any insurance receivership proceeding. This Act shall  
25 preempt any State law requiring that payments by

1 a direct insurer, reinsurer or runoff participant in  
2 an insurance receivership proceeding be approved by  
3 a court, receiver or other person. Payments of as-  
4 sessments by any direct insurer or reinsurer partici-  
5 pant under this Act shall not be subject to the avoid-  
6 ance powers of a receiver or a court in or relating  
7 to an insurance receivership proceeding.

8 **SEC. 403. EFFECT ON OTHER LAWS AND EXISTING CLAIMS.**

9 (a) **EFFECT ON FEDERAL AND STATE LAW.**—The  
10 provisions of this Act shall supersede any and all Federal  
11 and State laws insofar as they may relate to any asbestos  
12 claim, including any claim described in subsection (d)(2).

13 (b) **SUPERSEDING PROVISIONS.**—

14 (1) **IN GENERAL.**—Any agreement, under-  
15 standing, or undertaking by any person or affiliated  
16 group with respect to the treatment of any asbestos  
17 claim that requires future performance by any party,  
18 insurer of such party, settlement administrator, or  
19 escrow agent shall be superseded in its entirety by  
20 this Act.

21 (2) **NO FORCE OR EFFECT.**—Any such agree-  
22 ment, understanding, or undertaking by any such  
23 person or affiliated group shall be of no force or ef-  
24 fect, and no person shall have any rights or claims  
25 with respect to any of the foregoing.

1 (c) EXCLUSIVE REMEDY.—The remedies provided  
2 under this Act shall be the exclusive remedy for any asbes-  
3 tos claim, including any claim described in subsection  
4 (d)(2), under any Federal or State law.

5 (d) BAR ON ASBESTOS CLAIMS.—

6 (1) IN GENERAL.—No asbestos claim, including  
7 any claim described in subsection (d)(2), may be  
8 pursued and no pending asbestos claim may be  
9 maintained in any Federal or State court, except for  
10 enforcement of claims for which an order or judg-  
11 ment has been duly entered by a court that is no  
12 longer subject to any appeal or judicial review before  
13 the date of enactment of this Act.

14 (2) CERTAIN SPECIFIED CLAIMS.—

15 (A) IN GENERAL.—Subject to section 404  
16 (d) and (e)(3) of this Act, no claim may be  
17 brought or pursued in any Federal or State  
18 court or insurance receivership proceeding—

19 (i) relating to any default, confessed  
20 or stipulated judgment on an asbestos  
21 claim if the judgment debtor expressly  
22 agreed, in writing or otherwise, not to con-  
23 test the entry of judgment against it and  
24 the plaintiff expressly agreed, in writing or  
25 otherwise, to seek satisfaction of the judg-

1           ment only against insurers or in bank-  
2           ruptcy;

3           (ii) relating to the defense, investiga-  
4           tion, handling, litigation, settlement or  
5           payment of any asbestos claim by any par-  
6           ticipant, including claims for bad faith or  
7           unfair or deceptive claims handling or  
8           breach of any duties of good faith; or

9           (iii) arising out of or relating to the  
10          asbestos-related injury of any individual  
11          and—

12                   (I) asserting any conspiracy, con-  
13                   cert of action, aiding or abetting, act,  
14                   conduct, statement, misstatement, un-  
15                   dertaking, publication, omission, or  
16                   failure to detect, speak, disclose, pub-  
17                   lish or warn relating to the presence  
18                   or health effects of asbestos or the  
19                   use, sale, distribution, manufacture,  
20                   production, development, inspection,  
21                   advertising, marketing or installation  
22                   of asbestos; or

23                   (II) asserting any conspiracy,  
24                   act, conduct, statement, omission or  
25                   failure to detect, disclose or warn re-

1           lating to the presence or health effects  
2           of asbestos or the use, sale, distribu-  
3           tion, manufacture, production, devel-  
4           opment, inspection, advertising, mar-  
5           keting or installation of asbestos, as-  
6           serted as or in a direct action against  
7           an insurer or reinsurer based upon  
8           any theory, statutory, contract, tort or  
9           otherwise; or

10           (iv) by any third party, and premised  
11           on any theory, allegation or cause of ac-  
12           tion, for reimbursement of health care  
13           costs allegedly associated with the use of  
14           or exposure to asbestos, whether such  
15           claim is asserted directly, indirectly or de-  
16           rivatively.

17           (B) EXCEPTIONS.—Subparagraph (A) (ii)  
18           and (iii) shall not apply to claims against par-  
19           ticipants by persons—

20           (i) with whom the participant is in  
21           privity of contract;

22           (ii) who have received an assignment  
23           of insurance rights not otherwise voided by  
24           this Act; or

1 (iii) who are beneficiaries covered by  
2 the express terms of a contract with that  
3 participant.

4 (3) PREEMPTION.—Any action asserting an as-  
5 bestos claim, including a claim described in sub-  
6 section (d)(2), in any Federal or State court, except  
7 actions for which an order or judgment has been  
8 duly entered by a court that is no longer subject to  
9 any appeal or judicial review before the date of en-  
10 actment of this Act, is preempted by this Act.

11 (4) DISMISSAL.—No judgment other than a  
12 judgment of dismissal may be entered in any such  
13 action, including an action pending on appeal, or on  
14 petition or motion for discretionary review, on or  
15 after the date of enactment of this Act. A court may  
16 dismiss any such action on its motion. If the court  
17 denies the motion to dismiss, it shall stay further  
18 proceedings until final disposition of any appeal  
19 taken under this Act.

20 (5) REMOVAL.—

21 (A) IN GENERAL.—If an action in any  
22 State court under paragraph (3) is not dis-  
23 missed, or if an order entered after the date of  
24 enactment of this Act purporting to enter judg-  
25 ment or deny review is not rescinded and re-

1 placed with an order of dismissal within 30  
2 days after the filing of a motion by any party  
3 to the action advising the court of the provi-  
4 sions of this Act, any party may remove the  
5 case to the district court of the United States  
6 for the district in which such action is pending.

7 (B) TIME LIMITS.—For actions originally  
8 filed after the date of enactment of this Act, the  
9 notice of removal shall be filed within the time  
10 limits specified in section 1441(b) of title 28,  
11 United States Code.

12 (C) PROCEDURES.—The procedures for re-  
13 moval and proceedings after removal shall be in  
14 accordance with sections 1446 through 1450 of  
15 title 28, United States Code, except as may be  
16 necessary to accommodate removal of any ac-  
17 tions pending (including on appeal) on the date  
18 of enactment of this Act.

19 (D) JURISDICTION.—The jurisdiction of  
20 the district court shall be limited to—

- 21 (i) determining whether removal was  
22 proper; and  
23 (ii) determining whether the claim  
24 presented is an asbestos claim as defined  
25 by this Act.



1           (6) CREDITS.—If, notwithstanding the express  
2           intent of Congress stated in this section, any court  
3           finally determines for any reason that an asbestos  
4           claim including a claim described under paragraph  
5           (2) for which, before the date of enactment of this  
6           Act, there had been no order or judgment duly en-  
7           tered by a court no longer subject to any appeal or  
8           review, is not subject to the exclusive remedy or pre-  
9           emption provisions of this section, then any partici-  
10          pant required to satisfy a final judgment executed  
11          with respect to any such claim may elect to receive  
12          a credit against any assessment owed to the Fund  
13          equal to the amount of the payment made with re-  
14          spect to such executed judgment. The Administrator  
15          shall require participants seeking credit under this  
16          section to demonstrate that the participant timely  
17          pursued all available remedies, including remedies  
18          available under this section to obtain dismissal of  
19          the claim, and that the participant notified the Ad-  
20          ministrator at least 20 days before the expiration of  
21          any period within which to appeal the denial of a  
22          motion to dismiss based on this section. The Admin-  
23          istrator may require such participant to furnish such  
24          further information as is necessary and appropriate  
25          to establish eligibility for and the amount of the

1 credits. The Administrator may intervene in any ac-  
2 tion in which a credit may be due under this section.

3 **SEC. 404. EFFECT ON INSURANCE AND REINSURANCE CON-**  
4 **TRACTS.**

5 (a) EROSION OF INSURANCE COVERAGE LIMITS.—

6 (1) DEFINITIONS.—In this section, the fol-  
7 lowing definitions shall apply:

8 (A) DEEMED EROSION AMOUNT.—The  
9 term “deemed erosion amount” means the  
10 amount of erosion deemed to occur at enact-  
11 ment under paragraph (2).

12 (B) EARLY SUNSET.—The term “early  
13 sunset” means an event causing termination of  
14 the program under section 405(f) which relieves  
15 the insurer participants of paying some portion  
16 of the aggregate payment level of  
17 \$46,025,000,000 required in section  
18 212(a)(2)(A).

19 (C) EARNED EROSION AMOUNT.—The  
20 term “earned erosion amount” means, in the  
21 event of any early sunset under section 405(f),  
22 the percentage, as set forth in the following  
23 schedule, depending on the year in which the  
24 defendant participants’ funding obligations end,  
25 of those amounts which, at the time of the early

1 sunset, a defendant participant has paid to the  
 2 fund and remains obligated to pay into the  
 3 fund.

<b>Year After Enactment In Which Defendant Participant'ss Funding Obligation Ends:</b>	<b>Applica- ble Per- centage:</b>
10 .....	70.78
11 .....	68.75
12 .....	67.06
13 .....	65.63
14 .....	64.40
15 .....	63.33
16 .....	62.40
17 .....	61.58
18 .....	60.39
19 .....	59.33
20 .....	58.38
21 .....	57.51
22 .....	56.36
23 .....	55.31
24 .....	56.71
25 .....	58.11
26 .....	59.51

4 (D) REMAINING AGGREGATE PRODUCTS  
 5 LIMITS.—The term “remaining aggregate prod-  
 6 ucts limits” means aggregate limits that apply  
 7 to insurance coverage granted under the “prod-  
 8 ucts hazard”, “completed operations hazard”,  
 9 or “Products—Completed Operations Liability”  
 10 in any comprehensive general liability policy  
 11 issued between calendar years 1940 and 1986  
 12 to cover injury which occurs in any State, as re-  
 13 duced by—  
 14 (i) any existing impairment of such  
 15 aggregate limits as of the date of enact-  
 16 ment of this Act; and

1           (ii) the resolution of claims for reim-  
2           bursement or coverage of liability or paid  
3           or incurred loss for which notice was pro-  
4           vided to the insurer before the date of en-  
5           actment of this Act.

6           (E) SCHEDULED PAYMENT AMOUNTS.—  
7           The term “scheduled payment amounts” means  
8           the future payment obligation to the Fund  
9           under this Act from a defendant participant in  
10          the amount established under sections 203 and  
11          204.

12          (F) UNEARNED EROSION AMOUNT.—The  
13          term “unearned erosion amount” means, in the  
14          event of any early sunset under section 405(f),  
15          the difference between the deemed erosion  
16          amount and the earned erosion amount.

17          (2) QUANTUM AND TIMING OF EROSION.—

18          (A) EROSION UPON ENACTMENT.—The  
19          collective payment obligations to the Fund of  
20          the insurer and reinsurer participants as as-  
21          sessed by the Administrator shall be deemed as  
22          of the date of enactment of this Act to erode re-  
23          maining aggregate products limits available to a  
24          defendant participant only in an amount of

1           59.64 percent of each defendant participant's  
2           scheduled payment amount.

3           (B) NO EROSION UPON CONTINGENT  
4           CALL.—Any contingent payment required by  
5           the Administrator of any defendant participant  
6           shall not be deemed to erode remaining aggregate  
7           product limits.

8           (C) NO ASSERTION OF CLAIM.—No insurer  
9           or reinsurer may assert any claim against a de-  
10          fendant participant or captive insurer for insur-  
11          ance, reinsurance, payment of a deductible, or  
12          retrospective premium adjustment arising out  
13          of that insurer or reinsurer's payments to the  
14          Fund or the erosion deemed to occur under this  
15          section.

16          (D) POLICIES WITHOUT CERTAIN LIMITS  
17          OR WITH EXCLUSION.—Other than under sub-  
18          paragraph (F), nothing in this section shall re-  
19          quire or permit the erosion of any insurance  
20          policy or limit that does not contain an aggregate  
21          products limit, or that contains an asbestos  
22          exclusion.

23          (E) TREATMENT OF CONSOLIDATION  
24          ELECTION.—If an affiliated group elects con-  
25          solidation as provided in section 204(f), the

1 total erosion of limits for the affiliated group  
2 under paragraph (2)(A) shall not exceed 59.64  
3 percent of the scheduled payment amount of  
4 the single payment obligation for the entire af-  
5 filiated group. The total erosion of limits for  
6 any individual defendant participant in the af-  
7 filiated group shall not exceed its individual  
8 share of 59.64 percent of the affiliated group's  
9 scheduled payment amount, as measured by the  
10 individual defendant participant's percentage  
11 share of the affiliated group's prior asbestos ex-  
12 penditures.

13 (F) RULE OF CONSTRUCTION.—Notwith-  
14 standing any other provision of this section,  
15 nothing in this Act shall be deemed to erode re-  
16 maining aggregate products limits of a defend-  
17 ant participant that can demonstrate by a pre-  
18 ponderance of the evidence that 75 percent of  
19 its prior asbestos expenditures were made in de-  
20 fense or satisfaction of asbestos claims alleging  
21 bodily injury arising exclusively from the expo-  
22 sure to asbestos at premises owned, rented, or  
23 controlled by the defendant participant (a  
24 “premises defendant”). In calculating such per-  
25 centage, where expenditures were made in de-

1 fense or satisfaction of asbestos claims alleging  
2 bodily injury due to exposure to the defendant  
3 participant's products and to asbestos at prem-  
4 ises owned, rented or controlled by the defend-  
5 ant participant, half of such expenditures shall  
6 be deemed to be for such premises exposures.  
7 In the event that a defendant participant estab-  
8 lishes itself as a premises defendant, 75 percent  
9 of the payments by such defendant participant  
10 shall erode coverage limits, if any, applicable to  
11 premises liabilities under applicable law.

12 (3) METHOD OF EROSION.—

13 (A) ALLOCATION.—The amount of erosion  
14 allocated to each defendant participant shall be  
15 allocated among periods in which policies with  
16 remaining aggregate product limits are avail-  
17 able to that defendant participant pro rata by  
18 policy period, in ascending order by attachment  
19 point.

20 (B) OTHER EROSION METHODS.—

21 (i) IN GENERAL.—Notwithstanding  
22 subparagraph (A), the method of erosion  
23 of any remaining aggregate products limits  
24 which are subject to—

1 (I) a coverage-in-place or settle-  
2 ment agreement between a defendant  
3 participant and 1 or more insurance  
4 participants as of the date of enact-  
5 ment; or

6 (II) a final and nonappealable  
7 judgment as of the date of enactment  
8 or resulting from a claim for coverage  
9 or reimbursement pending as of such  
10 date, shall be as specified in such  
11 agreement or judgment with regard to  
12 erosion applicable to such insurance  
13 participants' policies.

14 (ii) REMAINING LIMITS.—To the ex-  
15 tent that a final nonappealable judgment  
16 or settlement agreement to which an in-  
17 surer participant and a defendant partici-  
18 pant are parties in effect as of the date of  
19 enactment of this Act extinguished a de-  
20 fendant participant's right to seek coverage  
21 for asbestos claims under an insurer par-  
22 ticipant's policies, any remaining limits in  
23 such policies shall not be considered to be  
24 remaining aggregate products limits under  
25 subsection (a)(1)(A).



1           (4) RESTORATION OF AGGREGATE PRODUCT  
2 LIMITS UPON EARLY SUNSET.—

3           (A) RESTORATION.—In the event of an  
4 early sunset, any unearned erosion amount will  
5 be deemed restored as aggregate products limits  
6 available to a defendant participant as of the  
7 date of enactment.

8           (B) METHOD OF RESTORATION.—The un-  
9 earned erosion amount will be deemed restored  
10 to each defendant participant's policies in such  
11 a manner that the last limits that were deemed  
12 eroded at enactment under this subsection are  
13 deemed to be the first limits restored upon  
14 early sunset.

15           (C) TOLLING OF COVERAGE CLAIMS.—In  
16 the event of an early sunset, the applicable stat-  
17 ute of limitations and contractual provisions for  
18 the filing of claims under any insurance policy  
19 with restored aggregate product limits shall be  
20 deemed tolled after the date of enactment  
21 through the date 6 months after the date of  
22 early sunset.

23           (5) PAYMENTS BY DEFENDANT PARTICIPANT.—  
24 Payments made by a defendant participant shall be  
25 deemed to erode, exhaust or otherwise satisfy appli-

1 cable self-insured retentions, deductibles, retrospec-  
2 tively rated premiums, and limits issued by non-  
3 participating insolvent or captive insurance compa-  
4 nies. Reduction of remaining aggregate limits under  
5 this subsection shall not limit the right of a defend-  
6 ant participant to collect from any insurer not a par-  
7 ticipant.

8 (6) EFFECT ON OTHER INSURANCE CLAIMS.—

9 Other than as specified in this subsection, this Act  
10 does not alter, change, modify, or affect insurance  
11 for claims other than asbestos claims.

12 (b) DISPUTE RESOLUTION PROCEDURE.—

13 (1) ARBITRATION.—The parties to a dispute re-  
14 garding the erosion of insurance coverage limits  
15 under this section may agree in writing to settle  
16 such dispute by arbitration. Any such provision or  
17 agreement shall be valid, irrevocable, and enforce-  
18 able, except for any grounds that exist at law or in  
19 equity for revocation of a contract.

20 (2) TITLE 9, UNITED STATES CODE.—Arbitra-  
21 tion of such disputes, awards by arbitrators, and  
22 confirmation of awards shall be governed by title 9,  
23 United States Code, to the extent such title is not  
24 inconsistent with this section. In any such arbitra-  
25 tion proceeding, the erosion principles provided for

1 under this section shall be binding on the arbitrator,  
2 unless the parties agree to the contrary.

3 (3) FINAL AND BINDING AWARD.—An award by  
4 an arbitrator shall be final and binding between the  
5 parties to the arbitration, but shall have no force or  
6 effect on any other person. The parties to an arbi-  
7 tration may agree that in the event a policy which  
8 is the subject matter of an award is subsequently de-  
9 termined to be eroded in a manner different from  
10 the manner determined by the arbitration in a judg-  
11 ment rendered by a court of competent jurisdiction  
12 from which no appeal can or has been taken, such  
13 arbitration award may be modified by any court of  
14 competent jurisdiction upon application by any party  
15 to the arbitration. Any such modification shall gov-  
16 ern the rights and obligations between such parties  
17 after the date of such modification.

18 (c) EFFECT ON NONPARTICIPANTS.—

19 (1) IN GENERAL.—No insurance company or  
20 reinsurance company that is not a participant, other  
21 than a captive insurer, shall be entitled to claim that  
22 payments to the Fund erode, exhaust, or otherwise  
23 limit the nonparticipant's insurance or reinsurance  
24 obligations.

1           (2) OTHER CLAIMS.—Nothing in this Act shall  
2 preclude a participant from pursuing any claim for  
3 insurance or reinsurance from any person that is not  
4 a participant other than a captive insurer.

5 (d) FINITE RISK POLICIES NOT AFFECTED.—

6           (1) IN GENERAL.—Notwithstanding any other  
7 provision of this Act, this Act shall not alter, affect  
8 or impair any rights or obligations of—

9           (A) any party to an insurance contract  
10 that expressly provides coverage for govern-  
11 mental charges or assessments imposed to re-  
12 place insurance or reinsurance liabilities in ef-  
13 fect on the date of enactment of this Act; or

14           (B) subject to paragraph (2), any person  
15 with respect to any insurance or reinsurance  
16 purchased by a participant after December 31,  
17 1996, that expressly (but not necessarily exclu-  
18 sively) provides coverage for asbestos liabilities,  
19 including those policies commonly referred to as  
20 “finite risk” policies.

21           (2) LIMITATION.—No person may assert that  
22 any amounts paid to the Fund in accordance with  
23 this Act are covered by any policy described under  
24 paragraph (1)(B) purchased by a defendant partici-  
25 pant, unless such policy specifically provides cov-

1 erage for required payments to a Federal trust fund  
2 established by a Federal statute to resolve asbestos  
3 injury claims.

4 (e) EFFECT ON CERTAIN INSURANCE AND REINSUR-  
5 ANCE CLAIMS.—

6 (1) NO COVERAGE FOR FUND ASSESSMENTS.—

7 No participant or captive insurer may pursue an in-  
8 surance or reinsurance claim against another partici-  
9 pant or captive insurer for payments to the Fund re-  
10 quired under this Act, except under a contract spe-  
11 cifically providing insurance or reinsurance for re-  
12 quired payments to a Federal trust fund established  
13 by a Federal statute to resolve asbestos injury  
14 claims or, where applicable, under finite risk policies  
15 under subsection (d).

16 (2) CERTAIN INSURANCE ASSIGNMENTS VOID-

17 ED.—Any assignment of any rights to insurance cov-  
18 erage for asbestos claims to any person who has as-  
19 serted an asbestos claim before the effective date, or  
20 to any trust, person or other entity not part of an  
21 affiliated group as defined in section 201(1) of this  
22 Act established or appointed for the purpose of pay-  
23 ing asbestos claims which were asserted before the  
24 effective date, or by any Tier I defendant partici-  
25 pant, before any sunset of this Act, shall be null and

1 void. This subsection shall not void or affect in any  
2 way any assignments of rights to insurance coverage  
3 other than to asbestos claimants or to trusts, per-  
4 sons, or other entities not part of an affiliated group  
5 as defined in section 201(1) of this Act established  
6 or appointed for the purpose of paying asbestos  
7 claims, or by Tier I defendant participants.

8 (3) INSURANCE CLAIMS PRESERVED.—Notwith-  
9 standing any other provision of this Act, this Act  
10 shall not alter, affect or impair any rights or obliga-  
11 tions of any person with respect to any insurance or  
12 reinsurance for amounts that any person pays, has  
13 paid or becomes legally obligated to pay in respect  
14 of asbestos or other claims, except to the extent  
15 that—

16 (A) such person pays or becomes legally  
17 obligated to pay claims that are superseded by  
18 section 403 of this Act;

19 (B) any such rights or obligations of such  
20 person with respect to insurance or reinsurance  
21 are prohibited by subsection (e) (1) or (2) of  
22 this section; or

23 (C) the limits of insurance otherwise avail-  
24 able to such participant in respect of asbestos

1           claims are deemed to be eroded under sub-  
2           section (a) of this section.

3 **SEC. 405. ANNUAL REPORT OF THE ADMINISTRATOR.**

4           (a) IN GENERAL.—The Administrator shall submit  
5 an annual report to the Committee on the Judiciary of  
6 the Senate and the Committee on the Judiciary of the  
7 House of Representatives on the operation of the Asbestos  
8 Injury Claims Resolution Fund within 6 months after the  
9 close of each fiscal year.

10          (b) CONTENTS OF REPORT.—The annual report sub-  
11 mitted under this subsection shall include—

12           (1) a summary of the claims made during the  
13 most recent fiscal year, including—

14           (A) the number of claims made to the Of-  
15 fice and a description of the types of medical  
16 diagnoses and asbestos exposure underlying  
17 those claims; and

18           (B) the number of claims denied by the  
19 Office and a description of the types of medical  
20 diagnoses and asbestos exposures underlying  
21 those claims, and a general description of the  
22 reasons for their denial;

23           (2) a summary of the eligibility determinations  
24 made by the Office under section 114;

1           (3) a summary of the awards made from the  
2 Fund, including the amount of the awards;

3           (4) an analysis of the financial condition of the  
4 Fund, including an estimation of the Fund's ability  
5 to pay claims for the subsequent 5 years in full as  
6 and when required, an evaluation of the Fund's abil-  
7 ity to retire its existing debt and assume additional  
8 debt, and an evaluation of the Fund's ability to sat-  
9 isfy other obligations under the program;

10          (5) a statement of the percentage of asbestos  
11 claimants who filed claims during the prior calendar  
12 year and were determined to be eligible to receive  
13 compensation under this Act, who have received the  
14 compensation to which they are entitled according to  
15 section 133 for each level;

16          (6) the identity of all participants and a sum-  
17 mary of the funding allocations of each participant,  
18 including the amounts of all payments to the Fund;

19          (7) a summary of all financial hardship or in-  
20 equity adjustments applied for during the fiscal  
21 year, and a summary of the adjustments that were  
22 made during the fiscal year;

23          (8) a summary of the investments made under  
24 section 222(b);



1           (9) a summary of all referrals made to law en-  
2           forcement authorities under section 408 and of any  
3           legal actions brought or penalties imposed under sec-  
4           tion 223;

5           (10) an estimate of the number and types of  
6           claims, the amount of awards, and the participant  
7           payment obligations for the next fiscal year;

8           (11) any recommendations from the Advisory  
9           Committee on Asbestos Disease Compensation and  
10          the Medical Advisory Committee of the Fund to im-  
11          prove the diagnostic, exposure, and medical criteria  
12          so as to pay only those claimants whose injuries are  
13          caused by exposure to asbestos;

14          (12) a summary of the results of audits con-  
15          ducted under section 115; and

16          (13) a summary of prosecutions under section  
17          1348 of title 18, United States Code (as added by  
18          this Act).

19          (c) CLAIMS ANALYSIS.—If the Administrator con-  
20          cludes, on the basis of the annual report submitted under  
21          this section, that the Fund is compensating claims for in-  
22          juries that are not caused by exposure to asbestos and  
23          compensating such claims may, currently or in the future,  
24          undermine the Fund's ability to compensate persons with  
25          injuries that are caused by exposure to asbestos, he or she

1 must include in the report an analysis of the reasons for  
2 the situation, a description of the range of reasonable al-  
3 ternatives for responding to the situation, and a rec-  
4 ommendation as to which alternative best serves the inter-  
5 est of claimants and the public. The report may include  
6 a description of changes in the diagnostic, exposure or  
7 medical criteria of section 121 that the Administrator be-  
8 lieves may be necessary to protect the Fund from compen-  
9 sating claims not caused by exposure to asbestos.

10 (d) SHORTFALL ANALYSIS.—

11 (1) IN GENERAL.—If the Administrator con-  
12 cludes, on the basis of the information contained in  
13 the annual report submitted under this section, that  
14 the Fund may not be able to pay claims as they be-  
15 come due at any time within the next 5 years, the  
16 Administrator must include in the report an analysis  
17 of the reasons for the situation, an estimation of  
18 when the Fund will no longer be able to pay claims  
19 as they become due, a description of the range of  
20 reasonable alternatives for responding to the situa-  
21 tion, and a recommendation as to which alternative  
22 best serves the interest of claimants and the public.  
23 The report may include a description of changes in  
24 the diagnostic, exposure or medical criteria of sec-  
25 tion 121 that the Administrator believes may be nec-

1        essary to protect the Fund. The range of alter-  
2        natives may include—

3                (A) triggering the termination of this Act  
4                under subsection (f) at any time after 7 years  
5                following the date of enactment of this Act, and

6                (B) reform of the program set forth in ti-  
7                tles I and II of this Act (including changes in  
8                the diagnostic, exposure or medical criteria,  
9                changes in the enforcement or application of  
10               those criteria, changes in the timing of pay-  
11               ments, or changes in award values).

12               (2) CONSIDERATIONS.—In formulating rec-  
13               ommendations, the Administrator shall take into ac-  
14               count the reasons for any shortfall, actual or pro-  
15               jected, which may include—

16                (A) financial factors (such as inadequate  
17                return on investments);

18                (B) the operation of the Fund generally  
19                (including the operation of the diagnostic, expo-  
20                sure and medical criteria, potential problems of  
21                fraud, the adequacy of the criteria to rule out  
22                idiopathic mesothelioma, and inadequate flexi-  
23                bility to extend the timing of payments);

24                (C) the actual incidence of diseases such as  
25                mesothelioma;

1           (D) compensation of diseases with alter-  
2           native causes; and

3           (E) any other factor that the Adminis-  
4           trator considers relevant.

5           (3) RECOMMENDATION OF TERMINATION.—Any  
6           recommendation of termination should include a  
7           plan for winding up the affairs of the Fund (and the  
8           program generally) within a defined period, includ-  
9           ing paying in full all claims resolved at the time the  
10          report is prepared.

11          (4) RESOLVED CLAIMS.—For purposes of this  
12          section, a claim shall be deemed resolved when the  
13          Administrator has determined the amount of the  
14          award due the claimant, and either the claimant has  
15          waived judicial review or the time for judicial review  
16          has expired.

17          (e) RECOMMENDATIONS OF ADMINISTRATOR AND  
18          COMMISSION.—

19          (1) IN GENERAL.—If the Administrator rec-  
20          ommends changes to this Act under subsection (c),  
21          the recommendations and accompanying analysis  
22          shall be referred to a special commission consisting  
23          of the Attorney General, the Secretary of Labor, the  
24          Secretary of Health and Human Services, the Sec-  
25          retary of the Treasury, and the Secretary of Com-

1 merce. The Commission shall hold public hearings  
2 on the Administrator's alternatives and rec-  
3 ommendations and then make its own recommenda-  
4 tions for reform of the program set forth in titles I  
5 and II of this Act. Within 180 days after receiving  
6 the Administrator's recommendations, the Commis-  
7 sion shall transmit its own recommendations to the  
8 Congress in the same manner as set forth in sub-  
9 section (a).

10 (2) REFERRAL.—If the Administrator rec-  
11 ommends changes to, or termination of, this Act  
12 under subsection (d), the recommendations and ac-  
13 companying analysis shall be referred to the Com-  
14 mission. The Commission shall hold public hearings  
15 on the Administrator's alternatives and rec-  
16 ommendations and then make its own recommenda-  
17 tions for reform of the program set forth in titles I  
18 and II of this Act. Within 180 days after receiving  
19 the Administrator's recommendations, the Commis-  
20 sion shall transmit its own recommendations to the  
21 Congress in the same manner as set forth in sub-  
22 section (a).

23 (f) SUNSET OF ACT.—

24 (1) IN GENERAL.—At any time after 7 years  
25 following the date on which the Administrator begins

1 processing claims, if the Administrator determines  
2 that, if any additional claims are resolved, the Fund  
3 will not have sufficient resources when needed to pay  
4 100 percent of all resolved claims while also making  
5 its debt repayment obligations and meeting its other  
6 obligations under this Act, the provisions of this Act  
7 set forth in paragraph (3) shall terminate and be of  
8 no further effect 180 days after the Administrator's  
9 determination as to all asbestos claims that have not  
10 been resolved by the Fund as of the date of the de-  
11 termination, unless Congress passes legislation con-  
12 tinuing the Fund.

13 (2) RESOLVED CLAIMS.—In the event of sunset,  
14 all resolved claims shall be paid in full by the Fund.

15 (3) TERMINATED PROVISIONS.—Subject to  
16 paragraph (4), the provisions of this Act subject to  
17 termination under paragraph (1) are titles I (except  
18 subtitle A) and II and sections 403 and 404(e)(2).

19 (4) CONTINUED FUNDING.—If provisions of  
20 this Act terminate under paragraph (1), participants  
21 will still be required to make payments as provided  
22 under subtitles A and B of title II. If the full  
23 amount of payments required by title II is not nec-  
24 essary for the Fund to pay claims that have been re-  
25 solved as of the date of termination, pay the Fund's

1 debt, and support the Fund’s continued operation as  
2 needed to pay such claims and debt, the Adminis-  
3 trator may reduce such payments. Any such reduc-  
4 tions shall be allocated among participants in ap-  
5 proximately the same proportion as the liability  
6 under subtitles A and B of title II.

7 (5) DEFINITIONS.—In this subsection—

8 (A) the term “sunset claims” means claims  
9 as to which this Act has terminated; and

10 (B) the term “sunset claimants” means  
11 persons asserting such claims.

12 (6) SUNSET CLAIMS.—If this Act terminates in  
13 accordance with paragraph (1), then the applicable  
14 statute of limitations for the filing of sunset claims  
15 under subsection (g) shall be deemed tolled for any  
16 past or pending sunset claimants while they were  
17 pursuing claims filed under this Act. For those  
18 claimants who decide to pursue a sunset claim in ac-  
19 cordance with subsection (g), the applicable statute  
20 of limitations shall apply, except that claimants who  
21 filed a claim against the Fund under this Act before  
22 the date of termination shall have 2 years after the  
23 date of termination to file a sunset claim in accord-  
24 ance with subsection (g), whichever is longer.

25 (g) NATURE OF CLAIM AFTER SUNSET.—

1           (1) IN GENERAL.—On and after the date of ter-  
2           mination under subsection (f), any individual injured  
3           as a result of exposure to asbestos, who has not pre-  
4           viously had a claim resolved by the Fund, may in a  
5           civil action obtain relief in damages subject to the  
6           terms and conditions under this subsection and  
7           paragraph (6) of subsection (f), except—

8                   (A) an individual who received an award  
9                   for a nonmalignant disease (Levels I through  
10                  V) from the Fund may assert a claim for a ma-  
11                  lignant disease under this subsection, unless the  
12                  malignancy was diagnosed or the claimant had  
13                  discovered facts that would have led a reason-  
14                  able person to obtain such a diagnosis before  
15                  the date on which the nonmalignant claim was  
16                  settled; and

17                  (B) an individual who received an award  
18                  for a nonmalignant or malignant disease (ex-  
19                  cept mesothelioma) (Levels I through IX) from  
20                  the Fund may assert a claim for mesothelioma  
21                  under this subsection, unless the mesothelioma  
22                  was diagnosed or the claimant had discovered  
23                  facts that would have led a reasonable person to  
24                  obtain such a diagnosis before the date on



1           which the nonmalignant or other malignant  
2           claim was settled.

3           (2) EXCLUSIVE JURISDICTION.—The United  
4           States district courts shall have exclusive jurisdiction  
5           of all actions under paragraph (1), to the exclusion  
6           of State courts and any other forum. As of the effec-  
7           tive date of a termination of this Act under sub-  
8           section (f), an action under paragraph (1) shall be  
9           the exclusive remedy for any asbestos claim that  
10          might otherwise exist under Federal, State or other  
11          law, regardless of whether such claim arose before or  
12          after the effective date of this Act or of the termi-  
13          nation of this Act, except that claims against the  
14          Fund that have been resolved before the date of the  
15          termination determination under subsection (f) may  
16          be paid by the Fund.

17          (3) VENUE.—Actions under paragraph (1) shall  
18          be brought only in the United States district court  
19          for the judicial district where the claimant resides or  
20          the exposure is alleged to have occurred.

21          (4) APPLICABLE LAW.—An action under para-  
22          graph (1) shall be governed by Federal common law,  
23          except that where national uniformity is not required  
24          the court must utilize otherwise applicable State law,

1 including State statutes, to provide the appropriate  
2 rule of Federal common law.

3 **SEC. 406. RULES OF CONSTRUCTION RELATING TO LIABIL-**  
4 **ITY OF THE UNITED STATES GOVERNMENT.**

5 (a) CAUSES OF ACTIONS.—Except as otherwise spe-  
6 cifically provided in this Act, nothing in this Act may be  
7 construed as creating a cause of action against the United  
8 States Government, any entity established under this Act,  
9 or any officer or employee of the United States Govern-  
10 ment or such entity.

11 (b) FUNDING LIABILITY.—Nothing in this Act may  
12 be construed to—

13 (1) create any obligation of funding from the  
14 United States Government, other than the funding  
15 for personnel and support as provided under this  
16 Act; or

17 (2) obligate the United States Government to  
18 pay any award or part of an award, if amounts in  
19 the Fund are inadequate.

20 **SEC. 407. RULES OF CONSTRUCTION.**

21 (a) LIBBY, MONTANA CLAIMANTS.—Nothing in this  
22 Act shall preclude the formation of a fund for the payment  
23 of eligible medical expenses related to treating asbestos-  
24 related disease for current and former residents of Libby,  
25 Montana.

1 (b) HEALTH CARE FROM PROVIDER OF CHOICE.—  
2 Nothing in this Act shall be construed to preclude any eli-  
3 gible claimant from receiving health care from the pro-  
4 vider of their choice.

5 **SEC. 408. VIOLATIONS OF ENVIRONMENTAL AND OCCUPA-**  
6 **TIONAL HEALTH AND SAFETY REQUIRE-**  
7 **MENTS.**

8 (a) ASBESTOS IN COMMERCE.—If the Administrator  
9 receives information concerning conduct occurring after  
10 the date of enactment of this Act that may have been a  
11 violation of standards issued by the Environmental Protec-  
12 tion Agency under the Toxic Substances Control Act (15  
13 U.S.C. 2601 et seq.), relating to the manufacture, impor-  
14 tation, processing, disposal and distribution in commerce  
15 of asbestos-containing products, the Administrator shall  
16 refer the matter in writing within 30 days after receiving  
17 that information to the Administrator of the Environ-  
18 mental Protection Agency and the United States Attorney  
19 for possible civil or criminal penalties, including those  
20 under section 17 of the Toxic Substances Control Act (15  
21 U.S.C. 2616), and to the appropriate State authority with  
22 jurisdiction to investigate asbestos matters.

23 (b) ASBESTOS AS AIR POLLUTANT.—If the Adminis-  
24 trator receives information concerning conduct occurring  
25 after the date of enactment of this Act that may have been

1 a violation of standards issued by the Environmental Pro-  
2 tection Agency under the Clean Air Act (42 U.S.C. 7401  
3 et seq.), relating to asbestos as a hazardous air pollutant,  
4 the Administrator shall refer the matter in writing within  
5 30 days after receiving that information to the Adminis-  
6 trator of the Environmental Protection Agency and the  
7 United States Attorney for possible criminal and civil pen-  
8 alties, including those under section 113 of the Clean Air  
9 Act (42 U.S.C. 7413), and to the appropriate State au-  
10 thority with jurisdiction to investigate asbestos matters.

11 (c) OCCUPATIONAL EXPOSURE.—If the Adminis-  
12 trator receives information concerning conduct occurring  
13 after the date of enactment of this Act that may have been  
14 a violation of standards issued by the Occupational Safety  
15 and Health Administration under the Occupational Safety  
16 and Health Act of 1970 (29 U.S.C. 651 et seq.), relating  
17 to occupational exposure to asbestos, the Administrator  
18 shall refer the matter in writing within 30 days after re-  
19 ceiving that information and refer the matter to—

20 (1) the United States Attorney for possible  
21 criminal prosecution under section 5(a) of such Act  
22 (29 U.S.C. 654(a));

23 (2) the Secretary of Labor for possible civil  
24 penalties under section 17 (a) through (d) of such  
25 Act (29 U.S.C. 666 (a) through (d)); and

1           (3) the Assistant Secretary for the Occupational  
2           Safety and Health Commission, and the appropriate  
3           State authority with jurisdiction to investigate asbes-  
4           tos matters, for possible civil or criminal penalties,  
5           including those under section 17 of the Occupational  
6           Safety and Health Act of 1970 (29 U.S.C. 666).

7           (d) REVIEW OF FEDERAL SENTENCING GUIDELINES  
8           FOR ENVIRONMENTAL CRIMES RELATED TO ASBES-  
9           TOS.—Under section 994 of title 28, United States Code,  
10          and in accordance with this section, the United States  
11          Sentencing Commission shall review and amend, as appro-  
12          priate, the United States Sentencing Guidelines and re-  
13          lated policy statements to ensure that—

14                (1) appropriate changes are made within the  
15                guidelines to reflect any statutory amendments that  
16                have occurred since the time that the current guide-  
17                line was promulgated;

18                (2) the base offense level, adjustments and spe-  
19                cific offense characteristics contained in section  
20                2Q1.2 of the United States Sentencing Guidelines  
21                (relating to mishandling of hazardous or toxic sub-  
22                stances or pesticides; recordkeeping, tampering, and  
23                falsification; and unlawfully transporting hazardous  
24                materials in commerce) are increased as appropriate  
25                to ensure that future asbestos related-offenses re-

1       flect the seriousness of the offense, the harm to the  
2       community, the need for ongoing reform, and the  
3       highly regulated nature of asbestos;

4               (3) the base offense level, adjustments and spe-  
5       cific offense characteristics are sufficient to deter  
6       and punish future activity and are adequate in cases  
7       in which the relevant offense conduct—

8                       (A) involves asbestos as a hazardous or  
9       toxic substance; and

10                      (B) occurs after the date of enactment of  
11       this Act;

12               (4) the adjustments and specific offense charac-  
13       teristics contained in section 2B1.1 of the United  
14       States Sentencing Guidelines related to fraud, deceit  
15       and false statements, adequately take into account  
16       that asbestos was involved in the offense, and the  
17       possibility of death or serious bodily harm as a re-  
18       sult;

19               (5) the guidelines that apply to organizations in  
20       chapter 8 of the United States Sentencing Guide-  
21       lines, are sufficient to deter and punish organiza-  
22       tional criminal misconduct that involves the use,  
23       handling, purchase, sale, disposal, or storage of as-  
24       bestos; and

1           (6) the guidelines that apply to organizations in  
2           chapter 8 of the United States Sentencing Guide-  
3           lines, are sufficient to deter and punish organiza-  
4           tional criminal misconduct that involves fraud, de-  
5           ceit, or false statements against the Office of Asbes-  
6           tos Disease Compensation.

7 **SEC. 409. NONDISCRIMINATION OF HEALTH INSURANCE.**

8           (a) DENIAL, TERMINATION, OR ALTERATION OF  
9 HEALTH COVERAGE.—No health insurer offering a health  
10 plan may deny or terminate coverage, or in any way alter  
11 the terms of coverage, of any claimant or the beneficiary  
12 of a claimant, on account of the participation of the claim-  
13 ant or beneficiary in a medical monitoring program under  
14 this Act, or as a result of any information discovered as  
15 a result of such medical monitoring.

16           (b) DEFINITIONS.—In this section:

17           (1) HEALTH INSURER.—The term “health in-  
18 surer” means—

19           (A) an insurance company, health care  
20           service contractor, fraternal benefit organiza-  
21           tion, insurance agent, third party adminis-  
22           trator, insurance support organization, or other  
23           person subject to regulation under the laws re-  
24           lated to health insurance of any State;

25           (B) a managed care organization; or

1 (C) an employee welfare benefit plan regu-  
2 lated under the Employee Retirement Income  
3 Security Act of 1974 (29 U.S.C. 1001 et seq.).

4 (2) HEALTH PLAN.—The term “health plan”  
5 means—

6 (A) a group health plan (as such term is  
7 defined in section 607 of the Employee Retire-  
8 ment Income Security Act of 1974 (29 U.S.C.  
9 1167)), and a multiple employer welfare ar-  
10 rangement (as defined in section 3(4) of such  
11 Act) that provides health insurance coverage; or

12 (B) any contractual arrangement for the  
13 provision of a payment for health care, includ-  
14 ing any health insurance arrangement or any  
15 arrangement consisting of a hospital or medical  
16 expense incurred policy or certificate, hospital  
17 or medical service plan contract, or health  
18 maintenance organizing subscriber contract.

19 (c) CONFORMING AMENDMENTS.—

20 (1) ERISA.—Section 702(a)(1) of the Employee  
21 Retirement Income Security Act of 1974 (29 U.S.C.  
22 1182(a)(1)), is amended by adding at the end the  
23 following:



1           “(I) Participation in a medical monitoring  
2           program under the Fairness in Asbestos Injury  
3           Resolution Act of 2005.”.

4           (2) PUBLIC SERVICE HEALTH ACT.—Section  
5           2702(a)(1) of the Public Health Service Act (42  
6           U.S.C. 300gg–1(a)(1)) is amended by adding at the  
7           end the following:

8           “(I) Participation in a medical monitoring  
9           program under the Fairness in Asbestos Injury  
10          Resolution Act of 2005.”.

11          (3) INTERNAL REVENUE CODE OF 1986.—Sec-  
12          tion 9802(a)(1) of the Internal Revenue Code of  
13          1986 is amended by adding at the end the following:

14          “(I) Participation in a medical monitoring  
15          program under the Fairness in Asbestos Injury  
16          Resolution Act of 2005.”.

## 17           **TITLE V—ASBESTOS BAN**

### 18   **SEC. 501. PROHIBITION ON ASBESTOS CONTAINING PROD-** 19           **UCTS.**

20          (a) IN GENERAL.—Title II of the Toxic Substances  
21   Control Act (15 U.S.C. 2641 et seq.) is amended—

22           (1) by inserting before section 201 (15 U.S.C.  
23           2641) the following:

24           **“Subtitle A—General Provisions”;**

25           (2) by adding at the end the following:

1           **“Subtitle B—Ban of Asbestos**  
2                   **Containing Products**

3   **“SEC. 221. BAN OF ASBESTOS CONTAINING PRODUCTS.**

4           “(a) DEFINITIONS.—In this chapter:

5                   “(1) ADMINISTRATOR.—The term ‘Adminis-  
6           trator’ means the Administrator of the Environ-  
7           mental Protection Agency.

8                   “(2) ASBESTOS.—The term ‘asbestos’ in-  
9           cludes—

10                   “(A) chrysotile;

11                   “(B) amosite;

12                   “(C) crocidolite;

13                   “(D) tremolite asbestos;

14                   “(E) winchite asbestos;

15                   “(F) richterite asbestos;

16                   “(G) anthophyllite asbestos;

17                   “(H) actinolite asbestos;

18                   “(I) any of the minerals listed under sub-  
19           paragraphs (A) through (H) that has been  
20           chemically treated or altered, and any  
21           asbestiform variety, type or component thereof.

22                   “(3) ASBESTOS CONTAINING PRODUCT.—The  
23           term ‘asbestos containing product’ means any prod-  
24           uct (including any part) to which asbestos is delib-  
25           erately or knowingly added or used because the spe-

1 cific properties of asbestos are necessary for product  
2 use or function. Under no circumstances shall the  
3 term ‘asbestos containing product’ be construed to  
4 include products that contain de minimus levels of  
5 naturally occurring asbestos as defined by the Ad-  
6 ministrator not later than 1 year after the date of  
7 enactment of this chapter.

8 “(4) DISTRIBUTE IN COMMERCE.—The term  
9 ‘distribute in commerce’—

10 “(A) has the meaning given the term in  
11 section 3 of the Toxic Substances Control Act  
12 (15 U.S.C. 2602); and

13 “(B) shall not include—

14 “(i) an action taken with respect to  
15 an asbestos containing product in connec-  
16 tion with the end use of the asbestos con-  
17 taining product by a person that is an end  
18 user, or an action taken by a person who  
19 purchases or receives a product, directly or  
20 indirectly from an end user; or

21 “(ii) distribution of an asbestos con-  
22 taining product by a person solely for the  
23 purpose of disposal of the asbestos con-  
24 taining product in compliance with applica-  
25 ble Federal, State, and local requirements.

1       “(b) IN GENERAL.—Subject to subsection (c), the  
2 Administrator shall promulgate—

3               “(1) not later than 1 year after the date of en-  
4 actment of this chapter, proposed regulations that—

5                       “(A) prohibit persons, from manufac-  
6 turing, processing, or distributing in commerce  
7 asbestos containing products; and

8                       “(B) provide for implementation of sub-  
9 sections (c) and (d); and

10               “(2) not later than 2 years after the date of en-  
11 actment of this chapter, final regulations that, effec-  
12 tive 60 days after the date of promulgation, prohibit  
13 persons from manufacturing, processing, or distrib-  
14 uting in commerce asbestos containing products.

15       “(c) EXEMPTIONS.—

16               “(1) IN GENERAL.—Any person may petition  
17 the Administrator for, and the Administrator may  
18 grant an exemption from the requirements of sub-  
19 section (b), if the Administrator determines that—

20                       “(A) the exemption would not result in an  
21 unreasonable risk of injury to public health or  
22 the environment; and

23                       “(B) the person has made good faith ef-  
24 forts to develop, but has been unable to develop,  
25 a substance, or identify a mineral that does not

1 present an unreasonable risk of injury to public  
2 health or the environment and may be sub-  
3 stituted for an asbestos containing product.

4 “(2) TERMS AND CONDITIONS.—An exemption  
5 granted under this subsection shall be in effect for  
6 such period (not to exceed 5 years) and subject to  
7 such terms and conditions as the Administrator may  
8 prescribe.

9 “(3) GOVERNMENTAL USE.—

10 “(A) IN GENERAL.—The Administrator of  
11 the Environmental Protection Agency shall pro-  
12 vide an exemption from the requirements of  
13 subsection (b), without review or limit on dura-  
14 tion, if such exemption for an asbestos con-  
15 taining product is—

16 “(i) sought by the Secretary of De-  
17 fense and the Secretary certifies, and pro-  
18 vides a copy of that certification to Con-  
19 gress, that—

20 “(I) use of the asbestos con-  
21 taining product is necessary to the  
22 critical functions of the Department;

23 “(II) no reasonable alternatives  
24 to the asbestos containing product  
25 exist for the intended purpose; and

1                   “(III) use of the asbestos con-  
2                   taining product will not result in an  
3                   unreasonable risk to health or the en-  
4                   vironment; or

5                   “(ii) sought by the Administrator of  
6                   the National Aeronautics and Space Ad-  
7                   ministration and the Administrator of the  
8                   National Aeronautics and Space Adminis-  
9                   tration certifies, and provides a copy of  
10                  that certification to Congress, that—

11                  “(I) the asbestos containing  
12                  product is necessary to the critical  
13                  functions of the National Aeronautics  
14                  and Space Administration;

15                  “(II) no reasonable alternatives  
16                  to the asbestos containing product  
17                  exist for the intended purpose; and

18                  “(III) the use of the asbestos  
19                  containing product will not result in  
20                  an unreasonable risk to health or the  
21                  environment.

22                  “(B) ADMINISTRATIVE PROCEDURE ACT.—  
23                  Any certification required under subparagraph  
24                  (A) shall not be subject to chapter 5 of title 5,

1 United States Code (commonly referred to as  
2 the ‘Administrative Procedure Act’).

3 “(4) SPECIFIC EXEMPTIONS.—The following  
4 are exempted:

5 “(A) Asbestos diaphragms for use in the  
6 manufacture of chlor-alkali and the products  
7 and derivative therefrom.

8 “(B) Roofing cements, coatings and  
9 mastics utilizing asbestos that is totally encap-  
10 sulated with asphalt, subject to a determination  
11 by the Administrator of the Environmental Pro-  
12 tection Agency under paragraph (5).

13 “(5) ENVIRONMENTAL PROTECTION AGENCY  
14 REVIEW.—

15 “(A) REVIEW IN 18 MONTHS.—Not later  
16 than 18 months after the date of enactment of  
17 this chapter, the Administrator of the Environ-  
18 mental Protection Agency shall complete a re-  
19 view of the exemption for roofing cements, coat-  
20 ings, and mastics utilizing asbestos that are to-  
21 tally encapsulated with asphalt to determine  
22 whether—

23 “(i) the exemption would result in an  
24 unreasonable risk of injury to public health  
25 or the environment; and

1           “(ii) there are reasonable, commercial  
2 alternatives to the roofing cements, coat-  
3 ings, and mastics utilizing asbestos that is  
4 totally encapsulated with asphalt.

5           “(B) REVOCATION OF EXEMPTION.—Upon  
6 completion of the review, the Administrator of  
7 the Environmental Protection Agency shall have  
8 the authority to revoke the exemption for the  
9 products exempted under paragraph (4)(B) if  
10 warranted.

11          “(d) DISPOSAL.—

12           “(1) IN GENERAL.—Except as provided in para-  
13 graph (2), not later than 3 years after the date of  
14 enactment of this chapter, each person that pos-  
15 sesses an asbestos containing product that is subject  
16 to the prohibition established under this section shall  
17 dispose of the asbestos containing product, by a  
18 means that is in compliance with applicable Federal,  
19 State, and local requirements.

20           “(2) EXEMPTION.—Nothing in paragraph (1)—

21           “(A) applies to an asbestos containing  
22 product that—

23           “(i) is no longer in the stream of com-  
24 merce; or



1                   “(ii) is in the possession of an end  
2                   user or a person who purchases or receives  
3                   an asbestos containing product directly or  
4                   indirectly from an end user; or

5                   “(B) requires that an asbestos containing  
6                   product described in subparagraph (A) be re-  
7                   moved or replaced.”.

8           (b) TECHNICAL AND CONFORMING AMENDMENTS.—  
9   The table of contents in section 1 of the Toxic Substances  
10 Control Act (15 U.S.C. prec. 2601) is amended—

11           (1) by inserting before the item relating to sec-  
12           tion 201 the following:

                  “Subtitle A—General provisions”;

13           and

14           (2) by adding at the end of the items relating  
15           to title II the following:

                  “Subtitle B—Ban of Asbestos Containing Products

“Sec. 221. Ban of asbestos containing products.”.

○