

US Senate Staff, Unions Discuss Asbestos Offer

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WASHINGTON (Dow Jones)--Senate staff and union officials met Thursday to discuss an asbestos victims agreement reached by Senate Majority Leader Bill Frist, R-Tenn., and a top insurance trade group the day before.

Frist proposed a funding plan of about \$114 billion to assist victims of asbestos exposure and limit the liability of companies - and their insurers - that made the insulation material. The fund would last for the next 27 years.

A Frist spokesman said the meeting Thursday lasted longer than expected - a good sign - but that union officials hadn't yet responded to Frist's proposal.

Sen. Orrin Hatch, R-Utah, said Thursday evening that union leaders should know the offer is the best they could hope for. Still, Hatch predicted that opposition to the deal by trial lawyers would prevent unions from embracing it. Hatch chairs the Senate Judiciary Committee and has been a key player in the asbestos negotiations.

In the Washington Post on Thursday, AFL-CIO General Counsel Jon Hiatt said that participants had "not seen fit to include us in these discussions," and that "it sounds like this is a step backward."

Under Frist's proposal, insurers would contribute about \$46 billion during the next 27 years. Defendant companies would contribute about \$57 billion during the next 23 years. Another \$1.5 billion would come from existing bankruptcy trusts. The fund would reach about \$114 billion as a result of investment earnings.

In addition, the proposal creates a \$10 billion contingency account funded by defendants to provide money in the event the asbestos fund is insufficient to meet claims.