

Insurers offer \$45 billion for U.S. asbestos fund

Thu October 2, 2003 08:21 PM ET

WASHINGTON, Oct 2 (Reuters) - U.S. insurers have united around a common position on asbestos reform, saying their contribution to a proposed fund for asbestos victims cannot be greater than \$45 billion, an industry spokeswoman said on Thursday.

The insurers' offer is somewhat less than the minimum of \$52 billion that they would be asked to pay to an asbestos fund if a bill by Utah Republican Sen. Orrin Hatch becomes law.

But the Hatch bill, which was approved by the Judiciary Committee in July, is stalled in the Senate, with Republican support eroding partly because of the unhappiness of insurers who think it asks them to pay too much.

As currently written, the Hatch bill calls for ending asbestos lawsuits and compensating victims of the fibrous mineral from a fund with an overall size of between \$108 billion and \$139 billion.

After two months of haggling over amounts, representatives of the major insurance trade associations met in Washington on Thursday and agreed to offer funding of \$45 billion, said Julie Rochman, spokeswoman for the American Insurance Association.

The insurance contribution to the fund would be accomplished with an upfront payment of \$28 billion, which would grow to \$45 billion over the life of the fund, Rochman said. The asbestos fund in Hatch's bill is projected to pay out claims for a quarter-century.

"The industry is united. We have communicated our position to the rest of the business community and Capitol Hill, and organized labor," Rochman told Reuters.

Presumably, the rest of the money for the fund would have to come from asbestos-liable companies. Spokesmen for them, and for other insurance trade associations, could not be reached for comment on Thursday evening.

Rochman said talks were continuing between business, insurers and labor as well as lawmakers and their aides to try to craft an overall agreement. Hatch has urged the parties to keep talking to try and reach a deal that would jump-start his stalled bill.

Earlier Thursday, Senate Republican Leader Bill Frist said that leaders from both political parties were working with insurers, business and labor to try to craft an agreement with broad enough support to pass the Senate.

"Leadership will be addressing the bill. Leadership in the Republican party and the Democratic party," Frist said.

Asbestos was widely used for fireproofing and insulation until the 1970s, when scientists concluded that inhaled fibers could be linked to cancer and other diseases. Injury claims have driven 67 U.S. firms into bankruptcy.