

HCS HB 261 -- ASBESTOS LIABILITY

SPONSOR: Yates

COMMITTEE ACTION: Voted "do pass" by the Committee on Insurance Policy by a vote of 7 to 4.

This substitute establishes the Missouri Successor Asbestos-Related Liability Fairness Act. In its main provisions, the substitute:

(1) Defines "asbestos claim" as any claim, wherever or whenever made, for damages, losses, indemnification, contribution, or other relief arising out of, based on, or in any way related to asbestos;

(2) Defines "corporation," "successor," "successor asbestos-related liabilities," and "transferor";

(3) Limits the cumulative successor liability of a corporation to the fair market value of the total gross assets of the transferor determined at the time of the merger or consolidation;

(4) Specifies methods for calculating a successor corporation's fair market value of total gross assets;

(5) Establishes the coefficient for increasing the fair market value of total gross assets on a year-by-year basis by taking the sum of the prime rate of interest plus 1%; and

(6) Makes the act applicable to all asbestos claims filed on or after the effective date of the substitute and any pending asbestos claims in which the trial has not commenced by the substitute's effective date.

FISCAL NOTE: Estimated Cost on General Revenue Fund of Less than \$100,000 in FY 2008, FY 2009, and FY 2010. No impact on Other State Funds in FY 2008, FY 2009, and FY 2010.

PROPOSERS: Supporters say that the bill will reform successor liability laws and help those that have done no wrong. Similar legislation has been passed and is working in other states. It is not fair to make a company pay for asbestos lawsuits for a business that they purchased which manufactured items using asbestos at one time, but didn't when they bought it.

Testifying for the bill were Representative Yates; Mark Behrens, American Legislative Exchange Council; Missouri Merchants and Manufacturers Association; Associated Industries of Missouri; Missouri Insurance Coalition; and Missouri Chamber of Commerce

and Industry.

OPPONENTS: Those who oppose the bill say that when you purchase a company, it includes the assets and the liabilities. You have to look at all the aspects of an investment before buying it.

Testifying against the bill was Woody Cozad, Missouri Republican Attorneys for Civil Justice.