



Alerts

U.S. House Committee Moves Forward Asbestos Bankruptcy Trust Disclosure Law

June 29, 2012

Hinshaw Alert

Earlier this month, the U.S. House of Representatives' Committee on the Judiciary passed the Furthering Asbestos Claims Transparency (FACT) Act of 2012 ([H.R. 4369](#)). The Committee vote was 15-14 and occurred on the 17th roll call. The U.S. Chamber Institute for Legal Reform fully endorsed the passage of the FACT Act.

The bill would mandate all asbestos bankruptcy trusts in place to report claimant filing information to the bankruptcy courts on a quarterly basis. That filing requirement would include: (1) the claimant's name and background information, (2) the trusts applied to for payment, and (3) an accounting of trust funds received. The information would also include the claimant's asbestos-exposure history. The filing information would not include any confidential medical records or the claimant's social security number.

It has been argued with much supporting evidence that the current asbestos bankruptcy system is not transparent, and that it is secretive in nature and lacks accountability. The new law is specifically aimed at preventing unfair monetary incentives to claimants and their counsel and to prevent inconsistent claims made in the tort system when compared to information being asserted to the bankruptcy trusts. Finally, the new law is designed to make sure that the existing trusts are sufficiently funded to pay legitimate claims while at the same time preventing payment on bogus ones. The FACT Act must now be scheduled for debate and followed by a full vote in the U.S. House of Representatives.

For more information, please contact [Craig T. Liljestrand](#) or your regular [Hinshaw attorney](#).

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