



Alerts

Arizona Law Limits Asbestos Successor Corporation Liability

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Hinshaw Alert

Arizona has just provided successor corporations that find themselves sitting as defendants in the asbestos litigation with some welcome news. Recently signed into law by Governor Jan Brewer, the new legislation limits the cumulative liability of a successor corporation for asbestos claims.

In particular, the bill limits the successor corporation's asbestos liability to the fair market value (FMV) of the total gross assets (TGA) of the transferor corporation *at the time of the merger or consolidation*. Moreover, the successor corporation may establish the FMV of TGA by reference to: the going concern of the assets; the purchase price attributable or paid for the assets in an "arm's length transaction"; or, if no other information is available, the value of the assets recorded on a balance sheet. TGA includes the corporation's "intangible assets."

The following situations, however, are exempt under the new Arizona law: (1) workers' compensation benefits paid to the employee; (2) any other claim against a corporation; (3) any obligation under the National Labor Relations Act; and (4) those successor corporations that continued to engage in the business of distributing, installing, manufacturing, mining, removing or selling asbestos-containing products after the date of the merger.

Similar successor corporation asbestos bills have been proposed in several states, including Florida, Massachusetts, South Carolina and Virginia and have passed in 11 states to date. Additional states will likely pass similar versions of the Arizona asbestos bill in the months and years to come.

Download to read: [Arizona Legislation on Asbestos Successor Corporation Liability](#).

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