

## Asbestos-plagued shares up on liability limit talk

Tuesday September 16, 3:26 PM EDT

By David Brinkerhoff

NEW YORK, Sept 16 (Reuters) - Shares of companies battling asbestos lawsuits rose on Tuesday as a U.S. insurance trade group presented a proposal to insurers and asbestos-plagued firms capping liability payments.

"Negotiations to reform U.S. asbestos litigation procedures are building momentum," Lehman Brothers analyst Joseph D'Amadeo said in a research note.

The American Insurance Association is presenting the proposal, said Julie Rochman, spokeswoman for the group, which presents more than 400 insurance firms. However, she did not know the details of the proposal.

Citing U.S. congressional staff members, Lehman's D'Amadeo said the proposal would commit asbestos-labile companies to an upfront payment of \$52 billion, with insurers matching that amount over a longer period of 20 years to 30 years.

Any additional payments would be split between the two industries, up to an undetermined hard cap, according to D'Amadeo.

"This is giving some support to the stocks today," said Gene Pisasale, senior investment officer with Wilmington Trust Co.

The talks are part of a broader series of negotiations sparked by an asbestos reform bill in the U.S. Congress. Its main sponsor, Utah Republican Sen. Orrin Hatch, has asked insurers and asbestos companies to try to reach a deal that could help rescue the floundering measure.

Hatch's bill, which passed the Judiciary Committee in July on a near party-line vote, would end asbestos lawsuits and instead compensate people sickened by the mineral from a trust funded supported by business and insurers.

But insurers say they are being asked to pay too much into the proposed trust fund, and Republican support for the measure is eroding as a result.

Hatch is also trying to address the concerns of Democrats who say the fund's payouts to victims are too low. But he did not believe he could increase the overall size of the proposed fund, which he said was between \$108 billion and \$139 billion -- not \$153 billion as earlier estimated.

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.

Shares of asbestos-liable companies were led by building materials maker USG Corp., which traded up \$1.09, or 6 percent, at \$17.98 in afternoon trade on the New York Stock Exchange; shares of energy services firm McDermott International Inc. ([MDR](#)) rose 5 percent to \$5.83.