

Asbestos Bankruptcy: What It Means for Victims and Their Families

Corporate bankruptcies, including asbestos bankruptcies, have a complicated background. For many years, courts have consistently held that bankruptcy is [a shield and not a sword](#). But clever corporate lawyers have found back doors and loopholes that allow large, rich companies to do just that. More on these things below.



If you believe that you were exposed to asbestos, even as a child, speak to a healthcare provider about tests and screening to help diagnose lung-scarring and screen for [asbestos-related diseases](#).

Fortunately for victims, our [asbestos exposure lawyers](#) also know the law, and we know how to make it work for people. Asbestos companies that knowingly put people at risk for decades can use all the procedural tricks they want. But in the end, they must accept responsibility for their prior misconduct. Part of this responsibility includes paying compensation for economic losses, such as medical bills, and noneconomic losses, such as pain and suffering.

Do You Qualify For Compensation?

Quickly and easily find out how you were exposed by searching W.A.R.D., the largest asbestos database on the planet.

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A Brief Bankruptcy Primer

Many people believe that a real-life bankruptcy is like a Monopoly bankruptcy. Before we go further, we should dispel this common myth.

When Monopoly players declare bankruptcy, they lose all their fake money, all their plastic hotels, and everything else they own. Furthermore, these players must leave the game and can't possibly get back in it.

To stay with this analogy, a real-life bankruptcy is like going to the "jail" square on the Monopoly board. Bankruptcy is bad, but it's temporary. Furthermore, the Bankruptcy Code protects most

personal and corporate assets. The different types of bankruptcy, named for their locations in the Bankruptcy Code, are:

- **Chapter 7:** “Liquidation” isn’t a very good name for this kind of bankruptcy, because as mentioned, most people keep most of their assets. Chapter 7 discharges most unsecured debts, like medical bills.
- **Chapter 13:** The “wage-earner plan” is basically a payment plan bankruptcy. Distressed debtors have between three and five years to catch up on past due bills. During this protected repayment period, the Automatic Stay remains in effect.
- **Chapter 11:** Corporations large and small use Chapter 11 to reorganize and renegotiate unfavorable contracts. Chapter 11 also gives companies a chance to play fast and lose with negligence and other personal injury laws.

Many asbestosis, mesothelioma, and other such victims who don’t partner with an asbestos exposure lawyer end up in bankruptcy court. Medical treatment in these cases could cost over \$120,000 a year. High medical bills prompt about [two-thirds](#) of personal bankruptcy filings.

People who worked in these industries prior the mid-1980s have a higher risk of developing asbestos-related diseases:

Construction	Factories	Foundries	Refineries	Shipyards	Mining / Milling
Demolition	Insulation	Steelworkers	Pipe Fitting	Shipbuilding	Mechanics
[IMAGE: Industrial Job]		[IMAGE: Industrial Job]		[IMAGE: Industrial Job]	
Roofing	Textiles	Iron workers	Boilers	Firefighting	Brake Repair
Flooring	Cement	Electricians	Gasket Repair	Railroad	HVAC

Unfortunately so do their families.

How Asbestos Bankruptcies Shuts Families Out

The aforementioned sword/shield analysis usually refers to Automatic Stay violations. Some people file bankruptcy solely to frustrate creditors. They have no intention of finishing the bankruptcy. Corporate bankruptcy abuse is a little different.

The Texas Two-Step

In 1989, Texas lawmakers approved a measure that allowed a large corporation to split into two or more smaller corporations. Proponents said the measure, which gave businesses flexibility, would attract companies to the Lone Star State.

Corporate lawyers quickly found a way to twist the new law. Corporation A could divide itself into Corporations B and C. Then, Corporation C took on all unfavorable aspects, such as liability lawsuits, of the old business.

Pharmaceutical giant Johnson & Johnson recently tried this strategy. The company created LTL Management, LLC out of thin air. LTL, which became responsible for all [talc/asbestos lawsuits](#), almost immediately filed Chapter 11 bankruptcy. A federal judge smelled a rat and delayed the process, which is still ongoing at this time.

“Generally, those who develop asbestos-related diseases show no signs of illness for a long time after exposure.”

Source: [National Cancer Institute](#) (NIH)¹

Out With the Old, In With the New

To illustrate this corporate sleight of hand, we must go a little further back in time, to 2009. Thousands of victims sued GM over defective ignition switches. According to court documents, the automaker could’ve fixed this defect, which killed over a hundred people and injured hundreds more, for about \$1 per vehicle.

Coincidentally, GM was in bankruptcy court at the time. During Chapter 11 proceedings, the company changed its name to Motors Liquidation Company (the “old” GM). General Motors Company LLC (the “new” GM) came out on the other side.

The new GM argued that it wasn’t liable for defective ignition switch injuries, because the old GM sold those vehicles. Eventually, the new GM [compromised](#) with defective ignition switch victims. The new GM paid compensatory damages, but not punitive damages.

The health risks of asbestos exposure can include:

Mesothelioma

Lung cancer

Laryngeal cancer

Ovarian cancer

¹ National Cancer Institute (NIH), [Asbestos Fact Sheet](#).

Stomach cancer	Colon cancer
Pharyngeal cancer	Abestosis
Chronic Obstructive Pulmonary Disease (COPD)	Atelectasis
Pleural effusion	Pericardial effusion

Chapter 11 Walk-Aways

In the asbestos world, these issues came to a head in the 1980s. As mesothelioma and other health and safety lawsuits mounted, many asbestos manufacturers saw bankruptcy as an easy way out. They hoped to file bankruptcy and leave the growing controversy with their fortunes intact.

Eventually, federal judges oversaw another compromise that allowed corporate leaders to keep some of their money and also protected asbestos exposure victims.

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How Asbestos Bankruptcies Benefit Families

Between 1980 and 2010, about 100 asbestos manufacturers used a Chapter 11 walk-away, but not before they contributed to a [\\$30 billion](#) victim compensation fund. The expedited claims process may take as little as three months. Additionally, an asbestos exposure lawyer must only make a bare-bones case to obtain compensation. There's no lawyer on the other side. Finally, VCF claims are usually less expensive than court claims.

Over \$30 Billion is still available.

(No lawsuit. No fees unless you receive money. No risk.)

Stake your claim.

ASBESTOSCLAIMS.LAW

Primary (work-related) and secondary (environmental) exposure victims are eligible for VCF compensation.

Now for the downside. The average VCF mesothelioma payout is about \$400,000. If an asbestos exposure lawyer files a court case, and the victim wins that case, the damages could easily be ten times as high. Additionally, fund administrators are notoriously stingy negotiators. A looming trial date doesn't motivate fund administrators to settle. Additionally, a judge does not supervise these negotiations. Therefore, fund administrators usually make low-ball and "take it or leave it" offers.

Here's the bottom line. If a VCF claim is an option, we usually [encourage victims](#) to pursue these claims. Compensation is lower, but a bird in the hand is worth two in the bush. Furthermore, after they receive devastating medical news, most families are anxious to quickly move on. A VCF claim creates that possibility. Learn more by speaking with an [asbestos attorney](#).

AsbestosClaims.Law

At [AsbestosClaims.Law](#), our mission to secure compensation for asbestos victims is more than professional; it's personal.

Our founder, Justinian C. Lane, understands the devastating impacts of asbestos firsthand.

Both his grandparents and father, all asbestos workers, passed away from [asbestos-induced cancers](#) without realizing their eligibility for asbestos lawsuits or other forms of compensation.

We aim to prevent such tragic oversights by informing and guiding [victims](#) and their families through their legal options.

If you or your loved ones have suffered as a result of [asbestos exposure](#), you could be eligible for considerable compensation. These funds could provide for medical treatments, [asbestos](#) removal services, and safeguard your health.

In addition, [asbestos trusts](#) offer compensation without the need for a lawsuit, providing a quicker, simpler path to justice.

[Reach out](#) to us at help@asbestosclaims.law or (206) 455-9190 for [assistance with your claim](#). We offer compassionate listening, clear explanations, and we don't charge a dime unless we win your case.

Beyond [legal claims](#), we also advise on [veterans' disability](#), [social security](#), and employment protection like [workers' compensation](#), [FELA](#), and [The Jones Act](#) for maritime workers.

There's no risk or cost to connect with our experienced team about your rights. Our commitment to your well-being means no fees unless you receive compensation.

For further queries or concerns about asbestos, explore our website and [YouTube page](#), featuring infographics, videos, and answers to common questions on asbestos-related topics.

We've also introduced [W.A.R.D.](#), the Worldwide Asbestos Research Database. It's the most comprehensive resource for asbestos-related information.

W.A.R.D. assists in pinpointing potential exposure scenarios, asbestos-containing products, and can indicate the types and potential amounts of compensation you may be entitled to receive.

Don't delay — [get in touch](#) with us today!