



November 16, 2005

Honorable Arlen Specter  
Chairman  
Committee on the Judiciary  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

The additional information you requested regarding CBO's cost estimate for S. 852, the Fairness in Asbestos Injury Resolution Act of 2005, is presented in the enclosed table. (CBO transmitted that estimate to the Judiciary Committee on August 25, 2005.) To assess the ability of the proposed Asbestos Injury Claims Resolution Fund to pay all valid claims, CBO considered a number of possible projections of the fund's cash flows over the next 50 years. We estimate that the fund would be presented with valid claims totaling between \$120 billion and \$150 billion over that period. The enclosed table presents estimates of the number of claims, by year and by type of claim, that CBO expects would be presented to the compensation fund under one, moderate-cost scenario, in which the value of the claims would be about \$130 billion. Those figures include almost 100,000 claims for individuals with malignant conditions and almost 1.5 million claims for nonmalignant conditions. We expect that about 20 percent of those claims would be pending, assuming enactment of the bill in 2005.

As noted in CBO's cost estimate, significant uncertainty surrounds the number, timing, and types of claims that the asbestos fund would experience over the next 50 years. Under S. 852, the fund's administrator would not provide compensation to victims of asbestos exposure unless amounts in the fund were sufficient to make such payments. Depending on the precise numbers of valid claims presented to the fund, the timing of such claims, and future interest and inflation rates, the asbestos fund might not have sufficient resources over the next 50 years to pay claims with a value significantly more than \$130 billion.

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I hope this information is helpful to you. If you have further questions about our cost estimate for S. 852, the CBO staff contact is Mike Waters.

Sincerely,

Douglas Holtz-Eakin  
Director

Enclosure

Identical letter sent to the Honorable Patrick J. Leahy.

## CBO's Estimate of the Number of Claims Under S. 852 for a Scenario in Which Claims Total About \$130 Billion

Year of Claim	Number of Claims by Disease Level <sup>a</sup>												
	IX	VIII			VII			VI	V	IV	III	II	I
		Smoker	Ex-smoker	Non-smoker	Smoker	Ex-smoker	Non-smoker						
Pending	7,823	2,230	597	149	3,216	858	214	6,319	4,084	7,570	42,007	5,049	242,133
2006	2,054	770	205	51	770	205	51	685	738	738	7,377	1,844	68,041
2007	2,009	753	201	50	753	201	50	670	714	714	7,137	1,784	65,871
2008	1,968	738	197	49	738	197	49	656	692	692	6,918	1,729	63,875
2009	1,923	721	192	48	721	192	48	641	669	669	6,686	1,672	61,777
2010	1,874	703	187	47	703	187	47	625	644	644	6,444	1,611	59,584
2011	1,837	683	183	46	683	182	46	607	646	730	6,197	1,549	57,519
2012	1,729	648	173	43	648	173	43	576	582	582	5,815	1,454	53,973
2013	1,647	618	165	41	618	165	41	549	548	548	5,478	1,370	50,972
2014	1,563	586	156	39	586	156	39	521	514	514	5,138	1,285	47,948
2015	1,487	555	149	37	555	148	37	493	495	536	4,807	1,202	45,079
2016	1,394	523	139	35	523	139	35	465	448	448	4,478	1,119	42,211
2017	1,307	490	131	33	490	131	33	436	415	415	4,147	1,037	39,267
2018	1,223	459	122	31	459	122	31	408	384	384	3,837	959	36,492
2019	1,142	428	114	29	428	114	29	381	354	354	3,538	884	33,815
2020	1,060	397	106	26	397	106	26	353	324	324	3,243	811	31,180
2021	985	369	99	25	369	99	25	328	298	298	2,978	744	28,791
2022	911	342	91	23	342	91	23	304	272	272	2,720	680	26,466
2023	838	314	84	21	314	84	21	279	247	247	2,471	618	24,217
2024	768	288	77	19	288	77	19	256	223	223	2,233	558	22,069
2025	705	264	70	18	264	70	18	235	202	202	2,023	506	20,155
2026	639	239	64	16	239	64	16	213	181	181	1,809	452	18,205
2027	580	217	58	14	217	58	14	193	162	162	1,621	405	16,473
2028	516	194	52	13	194	52	13	172	142	142	1,424	356	14,674
2029	463	174	46	12	174	46	12	154	126	126	1,260	315	13,155
2030	413	155	41	10	155	41	10	138	111	111	1,108	277	11,737
2031	366	137	37	9	137	37	9	122	97	97	968	242	10,414
2032	332	124	33	8	124	33	8	111	87	87	865	216	9,419
2033	290	109	29	7	109	29	7	97	75	75	746	186	8,278
2034	254	95	25	6	95	25	6	85	64	64	642	161	7,274
2035	220	83	22	6	83	22	6	73	55	55	548	137	6,354
2036	197	74	20	5	74	20	5	66	48	48	483	121	5,674
2037	168	63	17	4	63	17	4	56	41	41	407	102	4,906
2038	144	54	14	4	54	14	4	48	34	34	342	85	4,230
2039	122	46	12	3	46	12	3	41	29	29	285	71	3,626
2040	97	36	10	2	36	10	2	32	22	22	224	56	2,986

Continued

## Continued

Year of Claim	Number of Claims by Disease Level <sup>a</sup>												
	IX	VIII			VII			VI	V	IV	III	II	I
		Ex-Smoker	Non-smoker	Non-smoker	Ex-Smoker	Non-smoker	Non-smoker						
2041	80	30	8	2	30	8	2	27	18	18	182	45	2,505
2042	67	25	7	2	25	7	2	22	15	15	148	37	2,099
2043	58	22	6	1	22	6	1	19	13	13	127	32	1,798
2044	48	18	5	1	18	5	1	16	10	10	103	26	1,474
2045	39	15	4	1	15	4	1	13	8	8	83	21	1,183
2046	32	12	3	1	12	3	1	11	7	7	66	17	921
2047	28	10	3	1	10	3	1	9	6	6	57	14	718
2048	22	8	2	1	8	2	1	7	4	4	44	11	496
Totals	41,422	14,819	3,956	989	15,805	4,215	1,054	17,512	14,848	18,459	149,214	31,850	1,270,034

SOURCE: Congressional Budget Office.

a. Disease levels (from most severe to least severe) are defined as follows in S. 852:

- IX = mesothelioma
- VIII = lung cancer with asbestosis
- VII = lung cancer with pleural disease
- VI = other cancer
- V = disabling asbestosis
- IV = severe asbestosis
- III = asbestosis/pleural disease B
- II = mixed disease with impairment
- I = asbestosis/pleural disease A