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LEGACY LIABILITIES CLOUDING COMPANY PROSPECTS? CONSIDER THIS ALTERNATIVE

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BY RANDI MORRISON POSTED 21 DAYS AGO

These Law360 articles: "[Leaving The Tort System Behind Via Corporate Risk Transfer](#)" and "[Cos. Can Sell Future Asbestos Liabilities to Avoid Bankruptcy](#)" discuss a capital markets solution to legacy product and environmental liabilities that may include, for example, asbestos and mass tort litigation or accumulated legacy liabilities associated with the historical operations of a subsidiary, or "inherited" via a former M&A transaction. In lieu of bankruptcy or attempts to affordably insure against contingent liabilities, companies that find themselves in this position may consider effectively selling an entity containing these liabilities to a third party that specializes in managing contingent liabilities in an arms-length transaction to completely and with finality transfer the liabilities and associated risk.

Aside from the positive balance sheet impacts associated with such a transaction, expected upsides associated with this approach may include direct and indirect cost savings, as well as eliminating tail risk and better access to strategic opportunities that are otherwise not available to companies with significant contingent liabilities.

See also "[Lessons From Asbestos Can Help Resolve Opioid Liabilities](#)" and "[Leveraging Science to Inform Proactive and Reactive Risk Management](#)" and additional resources on our [Risk Management & Oversight](#) page.

This post first appeared in the weekly Society Alert!

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