

22-1079 TRUCK INSURANCE EXCHANGE V. KAISER GYPSUM COMPANY, INC.

DECISION BELOW: 60 F.4th 73

LOWER COURT CASE NUMBER: 21-1858

QUESTION PRESENTED:

Asbestos claims in state court have been plagued by rampant fraud, with claimants seeking inflated recoveries against some asbestos defendants by suppressing evidence of claims against other asbestos defendants. For nearly a decade, bankruptcy courts have sought to protect debtors and their insurers by requiring fraud-prevention measures-like ensuring access to claims information-before channeling the asbestos claims against the debtor to a trust. See 11 U.S.C. § 524(g).

In this case, a Chapter 11 debtor colluded with representatives for asbestos claimants to propose and confirm a plan that includes these fraud-prevention measures only for *uninsured* asbestos claims-not *insured* asbestos claims. Petitioner is the insurer who bears the financial burden of those 14,000 insured claims.

The Bankruptcy Code's plain text empowers any "party in interest" to "raise" and "be heard on any issue" in a Chapter 11 proceeding. 11 U.S.C. § 1109(b). But the court of appeals refused to adjudicate petitioner's objections to the fraud and collusion, relying on judge-made limitations engrafted onto the Code.

The question presented is:

Whether an insurer with financial responsibility for a bankruptcy claim is a "party in interest" that may object to a Chapter 11 plan of reorganization.

Justice Alito took no part in the consideration or decision of this petition

CERT. GRANTED 10/13/2023