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Chapter 1

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Successor Liability Under the Coal Industry Retiree Health Benefit Act of 1992

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Synopsis

The Coal Industry Retiree Health Benefit Act of 1992 ("Coal Act")[1] revolutionized the provision of retiree health care benefits. This chapter will analyze 1) whether and under what circumstances Coal Act obligations may be imposed on successors, and 2) whether, if such successor liability exists, it may be cut off through a sale free and clear in bankruptcy.

§ 1.01. Background of the Coal Act.

For over 40 years prior to the Coal Act's enactment, retirees who had worked at coal mining operations represented by the United Mine Workers of America ("UMWA retirees") received benefits from plans established and funded in accordance with the terms of collective bargaining agreements known as the National Bituminous Coal Wage Agreements (Coal Wage Agreement). Although the Employee Retirement Income Security Act of 1974 (ERISA)[2] regulated in various ways the manner in which these benefit plans functioned, it did not separately require any Coal Wage Agreement signatory to provide or pay for the provision of health benefits for any UMWA retirees once that signatory's Coal Wage Agreement expired.

The collectively bargained health benefit plans for UMWA retirees which existed prior to the Coal Act — the United Mine Workers of America 1950 and 1974 Benefit Plans and Trusts ("1950 or 1974 Benefit Plans") — were the subject of intensive litigation during the 1980s. The litigation

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1 26 U.S.C. §§ 9701, *et seq*.

2 29 U.S.C. §§ 1001, *et seq*.