Public Law 95-597
95th Congress

An Act

Nov. 4, 1978
[H.R. 5646]

To amend the Regional Rail Reorganization Act of 1973 to require ConRail to make premium payments under certain medical and life insurance policies, to provide that ConRail shall be entitled to a loan under section 211(h) of such Act in an amount required for such premium payments, and to provide that such premium payments shall be deemed to be expenses of administration of the respective railroads in reorganization.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (6) of section 303(b) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 743(b)(6)) is amended—

Regional Rail Reorganization Act of 1973, amendment.

(1) by redesignating such paragraph (6) as paragraph (6)(A), and by redesignating clauses (A) and (B) in the first sentence thereof as clauses (i) and (ii), respectively; and

(2) by adding at the end thereof the following new subparagraph:

"(B) The Corporation shall make such premium payments as may be necessary to maintain in effect any medical or life insurance policy which was maintained by a railroad in reorganization immediately prior to April 1, 1976, and which provides insurance benefits to individuals who retired, prior to April 1, 1976, from service with such a railroad. With respect to any such individual whose medical or life insurance coverage lapsed after April 1, 1976, due to nonpayment of premiums, the Corporation shall—

"(i) through the purchase of insurance or otherwise, provide medical or life insurance benefits of the same type and at the same or approximately the same level as were provided by the employer railroad in reorganization and in effect with respect to such individual immediately prior to April 1, 1976; and

"(ii) assume and pay any claim for such individual (or his personal representative) for any such insurance benefits, if—

"(I) such claim arose during the period beginning April 1, 1976, and ending on the date insurance coverage is provided pursuant to clause (i) of this subparagraph; and

"(II) such benefits were not paid by an insurer solely because of the lapse of the insurance coverage during such period.

The Corporation shall be entitled to a loan pursuant to section 211(h) of this Act in an amount required for the payment of insurance premiums and benefits described in this subparagraph. For purposes of section 211(h)(4)(A)(iii), amounts required for the payment of such premiums and benefits shall be deemed to be valid administrative claims against the respective estates of the railroads in reorganization, due and payable as of April 1, 1976, or, in the case of a railroad in reorganization which is not subject to a bankruptcy proceeding, such amounts shall be deemed to be obligations of such railroad, due and payable as of such date, and shall be reimbursable in accordance with the procedures set forth in paragraphs (4) and (5) of such section 211(h). As used in this subparagraph, the term 'railroad in reorganization' includes any railroad which is controlled by a rail-

45 USC 721.

"Railroad in reorganization."

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road in reorganization but is not itself subject to a bankruptcy proceeding, if such railroad conveyed substantially all of its rail properties to the Corporation pursuant to paragraph (1) of this subsection and conducted operations over such rail properties prior to the date of such conveyance.".

45 USC 743 note.

SEC. 2. The conferring of administrative claim status on amounts paid for the insurance premiums and benefits described in the amendment made by the first section of this Act shall be effective solely for purposes of meeting the conditions set forth in section 211(h)(4)(A)(iii) of the Regional Rail Reorganization Act of 1973 with respect to which obligations of the estate of a railroad in reorganization may be paid pursuant to such section 211(h), and shall not be construed—

45 USC 721.

(1) as affecting the jurisdiction of the district court having jurisdiction over such a railroad in reorganization to determine whether such insurance premiums and benefits constitute enforceable contractual obligations of the estate of such a railroad for purposes of reimbursement under such section 211(h); or

(2) as establishing or reordering any priority which a claim against the estate of such a railroad for reimbursement for the amounts paid for such insurance premiums and benefits may or may not have under the provisions of the Bankruptcy Act or any other law.

45 USC 743 note.

SEC. 3. Notwithstanding any other provision of law, any corporation which, pursuant to a plan of reorganization under section 77 of the Bankruptcy Act, is the successor in interest to a railroad in reorganization shall have standing to assert, in any judicial or administrative proceeding, any claim or defense available to such railroad in reorganization with respect to whether the insurance benefits and premiums described in the amendment made by the first section of this Act constitute enforceable contractual obligations of the estate of such railroad in reorganization. For purposes of this section, the term "railroad in reorganization" has the meaning given such term in paragraph (14) of section 102 of the Regional Rail Reorganization Act of 1973.

11 USC 205.

45 USC 702.

Approved November 4, 1978.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 95-376 (Comm. on Interstate and Foreign Commerce).
SENATE REPORT No. 95-1041 (Comm. on Commerce, Science, and Transportation).
CONGRESSIONAL RECORD, Vol. 124 (1978):
Jan. 30, considered and passed House.
Aug. 2, considered and passed Senate, amended.
Oct. 11, House concurred in Senate amendment with an amendment.
Oct. 13, Senate concurred in House amendments.