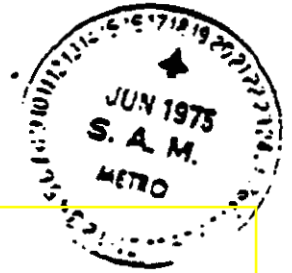


June 12, 1975

Catastrophe Products Committee:

Asbestos



The sub-committee on asbestos has met and discussed some facts:

- 1) Asbestos causes cancer. Once asbestos fibers are inhaled by a person, in no matter how small a quantity, they remain in the body and can be the cause of cancer 10 or 20 years later. There is no known way of removing the fibers from the body.
- 2) Asbestos is used in a wide variety of products; insulation, roofing, electrical, wallboard, piping, etc.

and made some conclusions:

- 1) Exposure to asbestos by workers (and even worker's families) in various trades - plumbing, roofing, etc. is great and the likelihood of suit against suppliers, manufacturers is great.
- 2) Engineering control of asbestos by insurers cannot be effective enough to prevent loss to T.L.C.
- 3) Claim defenses are inadequate to protect T.L.C.

Some possible recommendations the full committee may wish to make to Mr. Egan.

- 1) Cut back XL products limits on all insureds with this exposure to a nominal amount, perhaps \$50,000 (keeping in mind this figure might be lost each year for several years for the same insured).
- 2) Exclude products coverage for asbestos as we did on pollution and employment discrimination. Approval of all the state insurance departments would be necessary for this, but difficult to secure.
- 3) Reinsure the higher limits. On a blanket basis, we might "use up" our available facilities quite soon.
- 4) Advise the UP Guide to make products liability for the classes involved "T" Business - Not actually to be written" so that individual risks can be considered.

FD:esl

Frank H. Downey, Assistant Secretary
C/P Special Accounts Marketing

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