



INTRA - ORGANIZATION

MEMORANDUM

PLAINTIFF'S EXHIBIT

BOND-313

RS-7

FROM Julius Nemeth
TO Tom Sullivan
DATE November 3, 1977

Always provide address to which reply is to be sent
cc: Jim Karman

SUBJECT Asbestos

Please use a separate sheet for each subject treated

Tom:

The Consumer Product Safety Commission has decided that an absolute ban on asbestos would, in fact, eliminate production of several products -- specifically all wall patching materials because of some incidental contamination with asbestos that is likely to take place in substitute materials.

I received a call on Tuesday from the Economic Impact Research Division of the Consumer Product Safety Commission trying to determine what kinds of costs would be related to measuring incidental asbestos contamination. For purposes of the survey, they are using about one percent by weight, although they indicate that in the final ruling, there probably would not be a specific amount just some indication of measurable or nonmeasurable quantities.

I advised them that on the basis of the raw material cost per se and the relatively small quantities used that we definitely could not afford to get involved in either the equipment or the man hours for testing of raw materials and would, in fact, throw this back on our raw material suppliers.

I advised that we have, in fact, written to our raw material suppliers requesting letters of certification that the raw materials they furnish do or do not contain any asbestos and that we might even ask our suppliers to include us as additional insureds in their product liability coverage.

I suggested they go back to the raw material suppliers as the logical testing source to determine what these added costs might and that they certainly would be less at that level than if each manufacturer had to run his own raw material testing.

The big variable, of course, would be what such a program would do to product liability insurance costs for those raw material suppliers if all their customers had to be included as "additional insureds". I know we pay an additional premium for every customer we have to so include.

. Julius

JKN/jlj

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