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Mr. Terry Eichenseer, Manager September 20, 1982
CRAWFORD & COMPANY
Midwest Administrative Service Center
P.O. Box 95365
Schaumburg, Illinois 60195

RE: FILE NO: 019-77958-MW
 EMPLOYER: ABEX, INC.
 EMPLOYEE: JOSEPH I. RILEY
 D/ACCIDENT: 8/11/82

Dear Mr. Eichenseer:

We have been handling this claim as a non-reporting case, until it became obvious that the reserve should be set above the reporting threshold. We confirm our recent telephone conversations.

JURISDICTION:

North Carolina.

DESCRIPTION OF LOSS:

The employee had been working for Abex Corp. since May 17, 1978. As all Abex employees, he had been given manual chest x-ray, and until August 11, 1982 they had been negative. On that date, an irregularity was supposedly found, and he was referred to Industrial Commission appointed physicians for a thorough examination at Huntersville Hospital. He was found to have had asbestosis, grade 1.

INSURED:

We have discussed this case in detail with John Campbell, Manager of Abex, Salisbury, N.C. Mr. Campbell informed us that his records indicated the employee had worked in other asbestos related industries. One of these, a shipyard, at the beginning of World War II. The claimant also had been a mechanic. Mr. Campbell told us that annual asbestos level studies were made in the plant, and asbestos in the air was always within tolerances. He told us that the employee worked in one of the lowest level areas in the plant. He informed us that for about a year the claimant had worked

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SCF-ABEX-2620

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on a machine which cut bevels on the end of brake shoe pads, and that after that, the claimant was an inspector and also a packer.

CLAIMANT:

Attached is the statement of Joseph I. Riley, which he declined to sign. Mr. Riley/W/61, makes a good appearance and appears of average intelligence. He agrees with Mr. Campbell's assessment of his job at Abex, and indicated that there was very little exposure to asbestos, during most of the time that he was there. He indicated that he ran the "B & C" machine, bevel and cut, and that there was asbestos dust generated in that operation. However, he indicated that the asbestos dust was supposed to be sucked up by a vacuum hose. He also denies any other exposure to asbestos, except just prior to his entry into the service in World War II, when he worked at a shipyard. He did indicate that there was a high level of exposure at that time.

WITNESSES:

Nona.

INJURY/MEDICAL EXPENSE:

Attached are the medical reports and bills. They do indicate that the claimant has suffered a grade 1 asbestos. They recommended his removal from his job. According to the claimant, he was suffering no ill effects, and had no idea that he had asbestosis. He continued to handle his job with no problem.

WAGES/COMPENSATION:

The employee earns \$292.80 per week, his weekly Comp rate would be \$95.21. Daily Comp would be \$27.89. While the employee is physically able to perform his duties, he has been ordered by the Industrial Commission and your plant doctor to vacate the position, because of the possibility of further exposure and worsening of his condition. As we understand it, the Industrial Commission had told Mr. Campbell, the plant Manager, that the employee could stay on until October, when he could take early retirement. However, the plant doctor gave the final order that the man be removed from the possibility of exposure. The Industrial Commission has sent the claimant the attached letter, dated September 2, 1982, indicating that he has a 40% disability to perform normal labor in his previous occupation. It further orders the payment of 104 weeks of compensation. As we understand it, this 104 weeks will pay compensation while the employee waits for the outcome of two further examinations, each spaced one year apart. At the end of that time, the Industrial Commission will permanently

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affix a percentage of disability and can order the payment of another 96 weeks of compensation, for a total of 200 weeks. This would come to \$39,042.00.

LIABILITY:

We have discussed this case in detail with Mr. Michael Gordon, attorney. He has informed us that if there was an exposure of the employee to asbestos dust in the air within the last 30 days before the asbestosis was diagnosed, the Industrial Commission probably would find that he had an injurious exposure in the course of his employment at Abex. The attorney was in agreement with us that we should challenge the idea of injurious exposure, and said it would not make a great deal of difference, but that we could challenge the 40% disability. He further indicated that we would not be required to pay any temporary total disability, and that the 104 weeks provided for under Statute GS97-61.5 was not temporary total disability, but simply compensation to be given while the employee is retrained for another job. He further indicated that we might mention in our letter of denial that the employee was capable of performing his job, as well as other duties.

Our denial would allow the employee then to file a claim for disability and group insurance benefits. The attorney indicated that Workers' Comp could not be assigned to protect the disability carrier, but that possibly the disability carrier had some form that could be used to promise a reimbursement.

Mr. Gordon agreed that this would be a case to settle on a clincher agreement, before it got to a hearing.

RESERVES:

We have a \$4,000.00 medical reserve, and had a \$2,500.00 indemnity reserve. Per your advice, we are increasing the indemnity reserve to \$20,000.00.

RECOMMENDATIONS:

We recommended in our last phone conversation that a denial be issued, and that we begin working towards a clincher agreement. We also have requested that the employer furnish us with the level studies on asbestos, as well as the employee's previous medical examination. We have not requested records from the shipyard where the claimant worked in the last 30's and early 40's. Mr. Gordon indicated these probably would not do much good, since asbestos studies were not made at that time.

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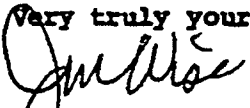
We are issuing our denial letter. A copy is attached, and we have sent a copy to Mr. Gordon.

Mr. Gordon will create a file and hold it open on an inactive basis. We shall furnish Mr. Gordon with a copy of all our reports and any item which comes into our file during the investigation of the case. He will be prepared to attend the hearing if necessary.

REMARKS:

Our further report follows.

Very truly yours,


J. Michael Wise
Adjuster in Charge

JMW:be

Encl: Unsigned Statement
Medical Reports and Bills
SISDAT Sheets
Form 19
Denial Letter
Index Sheet

8-21-1984