40 W. 7TH AVE.
COLUMBUS , OHIO
AXminster 4-4689

December 21, 1961

Mr. L. A. Pechstein, Assistant Secretary
The Philip Carey Manufacturing Company
Lockland, Cincinnati 15, Ohio

Dear Mr. Pechstein: Workmen's Compensation Insurance
Occupational Disease Experience

The asbestosis claims, which were filed in recent years and their cost in the 1960, 1961 and estimated cost for 1962 experience and rate computation are as follows:

CLAIM NO.	CLAIMANT	DISABLED	1960	1961	1962
OD 109377	Whitley-Dec'd.	7/24/58	$ 8,000.	0	0
OD 108274	Gooch-Dec'd.	10/17/58	16,469.	$19,137.	$20,000.
OD 106226	Hulette-Dec'd.	4/14/59	16,474.	17,465.	19,100.
OD 117279	Latto	7/29/60	0	0	5,000.
OD 118382	Jackson-Dec'd.	9/6/60	0	0	15,000.
OD 107910	Hoerst	11/15/60	0	17,450.	18,000.
OD 119913	Griffith	6/30/61	0	0	5,000.
			$40,943.	$54,052.	$83,700.

The above occupational disease losses represent 25% of all your industrial disability losses for 1960, 26% for 1961 and 35% for 1962.

In 1960, the merit-rating modification was a credit of 40%. Without the occupational disease experience, it would have been a credit of 53%.

In 1961, the merit-rating modification was a credit of 25%. Without the occupational disease experience, it would be a credit of 42%.

In 1962, we estimate the merit-rating modification to be a credit of 15%. Without the occupational disease experience, it would be a credit of 42%.

The difference in rate determined by the occupational disease losses and experience in 1960 resulted in additional premium of $12,289.41.

The occupational disease experience in 1961 will result in an additional premium of $14,992.09.

In 1962, the occupational disease experience will result in an additional premium of $23,980.02.

PLAINTIFF'S EXHIBIT
W-12

Following is an exhibit showing the basic accidental injury and occupational disease rate of your various industry classifications:

MANUAL NO.	ACC.	O.D.	TOTAL
1852	$ .82	$ .12	$ .94
3076	1.07	.04	1.11
4233	1.52	.07	1.59
4558	.95	.06	1.01
4745	1.44	.01	1.45
5183	1.50	.01	1.51
8292	2.25	.01	2.26
9071	1.59	.04	1.63

In 1962, we estimate that the additional merit-rating modification that will be charged because of the inclusion of the occupational disease experience in your merit-rating modification would be 17%.

By adding 27% to the above net basic rates, the following additional premium rate per $100.00 of payroll would be charged:

MANUAL NO.	ADDITIONAL RATE
1852	$ .25
3076	.30
4233	.43
4558	.27
4745	.39
5183	.41
8292	.61
9071	.44

If the occupational disease experience, however, was separately merit-rated, as it appears it should be, and if on the basis of your experience, you qualified for the maximum merit-rating penalty of 25%, the following additional rates because of your occupational disease experience would be charged.

MANUAL NO.	ADDITIONAL RATE
1852	$ .10
3076	.03
4233	.04
4558	.03
4745	.01
5183	.01
8292	.01
9071	.03

The difference in annual premium between applying the two rates shown in the two preceding exhibits to your annual payroll under each classification would be as follows:

MANUAL NO.	DIFFERENCE IN RATE	ANNUAL SAVINGS
1852	$ .15	$ 2,581.30
3076	.27	2,454.47
4233	.37	11,374.78
4583	.22	462.42
4745	.38	2,960.91
5183	.40	63.30
8292	.60	38.47
9071	.41	21.00
		$19,956.65

Of course as we pointed out in our letter of December 12, 1961, which gave you a history of occupational disease experience merit rating, the Bureau, if it were forced to separately merit rate occupational disease experience, could in the future markedly increase the basic occupational disease rates.

We hope this gives you and your counsel the statistical information you need, and we will be glad to discuss it further with you the next time we visit your office.

Yours very truly,

JOHN T. CANTLON & ASSOCIATES, INC.

John T. Cantlon, President

JTC/da
Cc to Mr. R. J. Preston, Safety Supervisor
Mr. E. J. Pasold, Secretary
Lockland, Cincinnati 15, Ohio