



INSURANCE - A. Money

Mr. Money stated that we are trying to get into the State Workmen's compensation fund in Pennsylvania, Illinois and California. A letter cancelling our present product liability insurance will be forthcoming, effective July 1. Mr. Money is seeking coverage through other companies and has been advised that Lloyds of London will underwrite an insurance company in this country for coverage. Dr. Phoenix will investigate the exact Group policy in the event of insurance cancellation. He suggested it might be possible to get someone to insure a figure over \$2 million.

The possibility of self-insurance is being considered, as we have had less than \$90,000 in payouts in the past five years. Mr. Money commented that in the event the Lukens claim, for example, is decided in their favor, we would not be billed for this payment for at least five years, giving us time to accrue for the awarded amount. High insurance premiums have resulted from liberal awards given by juries, along with asbestos/silicosis claims and claims on old defective machinery which can be entered against the original manufacturer, even though the equipment has changed hands.

ASBESTOS

Mr. Money reviewed our commitment to be asbestos-free in both manufacturing and finished product. Mr. Vandemark stated that asbestos usage in Steelmill is confined to Premix and Kalminex at Mt. Braddock. Mt. Braddock is experiencing some difficulty in the conversion to asbestos-free recipes and Mr. Vandemark requested the assistance of Mr. Morgan and a technician from Feeding Aids to improve manufacturing techniques with the new recipes.

Foundry Division has no asbestos except for a small quantity of Bethlehem Premix purchased for padding by one customer. Approximately 50 tons of asbestos remain in inventory at Chicago and Mt. Braddock and will be sold. Dr. Bryant asked to be advised of the quantities in each location. Phasing-out of asbestos-containing recipes in the plant will be complete by the July 1 deadline; however, there will still be some finished product in inventory which will be shipped to selected customers.

In response to a question by Dr. Phoenix, Mr. Wood stated that Hedman fiber has not been proven to be asbestos-free legally. Although this material may be used in Johnstown Premix, Dr. Phoenix recommended that since the legal status of the fiber is uncertain, it should not be used on a long-term basis.

CUYAHOGA PATTERN

Dr. Phoenix confirmed that Mr. Quallich may request technical help from within the group to assist in situations where new personnel are unable to handle all phases of a project. Cuyahoga Pattern now has two trainees, and will possibly require another person in the near future. Dr. Phoenix does not anticipate any less tooling demand over the next 2-3 years.

The Project 2000 tool is being returned. Mr. Wood stated that K-4 tooling will be more expensive if top injection is required. It is uncertain at present whether this method of injection is really workable. Dr. Phoenix suggested cold-patching as an alternative.

Divisional reviews with Dr. Phoenix will be scheduled during the last week of July. There are material losses in all plants, and some labor inefficiencies largely caused by the conversion to asbestos-free recipes. Operations in major plants will be reviewed to set objectives for labor control, reduction of personnel and material losses. There is presently a freeze on hiring plant personnel. Steelmill is considering manpower reductions in general, although a Profax technician is needed.

Mr. Wood reported that a new contract with Allis Chalmers was negotiated for fork-lift trucks at a considerable saving. The contract gives us 5-year rates on a 30-day lease arrangement, with two standbys for every ten trucks. All spare tires and parts will be pooled, and we will not be required to pay personal property tax as we did with Clark Equipment.

Dr. Bryant reported that recently manufactured RM 531 had been put on hold on the basis of expansivity tests; he questioned whether we should go back to the use of Madagascar graphite. Mr. Wood replied that the problem may be with the machine. The Canadian product being used for Steelmill customers has proved more satisfactory due to the higher carbon content. Mr. Vandemark asked whether it is necessary to have the same graphite mix for Foundry and Steelmill APC product. Mr. Wood will investigate; he said that this arrangement could create a problem with inventorying of two different batches of 531, since in reality it would be two different products.

A question was raised concerning the Company picnic for plant personnel. This function usually costs the Company \$3500-\$4000, and a major problem has always been the necessity of finding a location easily accessible for the major of those who attend. Mr. Wood commented that life expectancy among the hourly workers continues to be very short and questioned whether the picnic actually served the purpose for which it was originally intended. No decision was reached concerning a definite go-ahead for the picnic. Mr. Wood and the Personnel Department will pursue further.

Dr. Bryant reported that three used brick presses are available in a package deal for \$24,000; these would normally cost \$15-\$20,000 each new. This equipment is suitable for Cleveland Flux manufacturing needs, and Dr. Phoenix agreed with Dr. Bryant's recommendation to purchase. This should be capitalized with a justification that the business will continue, and new spare parts will go into spare parts inventory, charged back only when they are used.

Evinrude Sleeves: Dr. Bryant reported that the customer has requested working through a distributor. He expressed confidence that an order for 50,000 sleeves will be forthcoming in addition to the original 100,000 order.

Mr. Wood reported that the grinder is installed and is presently hooked into the salvage dust collector system.

Next meeting is scheduled for 9:00 a.m., Monday, July 26, 1976.

Submitted by
Mary Lou Raybuck

Approved

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