

FILE NAME: Philip Carey (PC)

DATE: 1988 Sept 2

DOC#: PC076

DOCUMENT DESCRIPTION: Legal-Settlement Proposal of Celotex & Carey Canada

CELOTEX

Jim Walter corporation

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LEGAL DEPARTMENT

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September 2, 1988

TO: PLAINTIFFS' COUNSEL

As attorney for The Celotex Corporation and Carey Canada Inc., I have been requested to correspond to you on behalf of the Companies regarding the status of asbestos-related bodily injury litigation.

As you are aware, the Asbestos Claims Facility is scheduled to be dissolved October 3, 1988, and under an agreement between its members, any producer member who so elects may resume handling its own cases, effective September 1, 1988. The Celotex Corporation and Carey Canada Inc. have elected to resume handling all asbestos-related bodily injury claims in which they are named defendants as of September 1, 1988.

The Celotex Corporation and Carey Canada Inc. continue to be involved in litigation with several of their insurance carriers over the application of a significant amount of insurance coverage to the asbestos-related bodily injury cases. Celotex and Carey Canada have available a limited amount of insurance proceeds to apply to asbestos-related bodily injury cases until final determinations are made on the application of the disputed insurance policies. Accordingly, the Celotex Corporation and Carey Canada Inc. have elected to adopt settlement guidelines which specify the amount that these companies will pay on specified categories of asbestos-related bodily injury cases.

We believe that the amounts provided in the settlement guidelines will fairly and adequately compensate claimants alleging injury by asbestos or asbestos-related products supplied or manufactured by these Companies. This will also insure that all claimants with similar diseases will be treated equally. By adhering to these guidelines, Celotex and Carey Canada Inc. believe that they will have sufficient insurance assets available to fund the defense and settlement of cases that mature in the near future. It is our hope that this approach will help to eliminate the backlog of cases that are currently pending in the courts across the United States.

Nothing contained herein should be construed as an admission of liability or wrongdoing in any asbestos-related case. This approach is being adopted to encourage the resolution of meritorious cases at a fair and reasonable amount and an amount that is within the resources of the Companies.

Attached is a copy of the settlement guidelines that are being adopted by Celotex and Carey Canada Inc. effective September 1, 1988. I hope that you will review these materials with your clients and that a mutually agreeable resolution can be made on those cases being handled by you.

Thank you for your consideration and cooperation in this regard.

Robert W. Emerson III

Robert W. Emerson, III

The Celotex Corporation/Carey Canada Inc.
Asbestos Litigation
Settlement Guidelines

Effective Date: 9/1/88

Sickness Category	Smoker	Non-Smoker
I Exposure Only	0	0
II Pleural Change	150	150
III Other Cancer	1,500	2,000
IV Asbestosis	1,500	2,000
V Lung Cancer	3,500	4,500
VI Mesothelioma	5,000	5,000

This does not constitute an offer to settle any particular case. The above amounts will be offered where certain exposure, disease and other basic criteria are met. The amounts apply if Celotex only is a defendant, if Celotex and Carey Canada are both defendants or if Carey Canada is a defendant and the case involves a plant worker. If only Carey Canada is a defendant in a case not involving a plant worker, one half of the amounts apply. In all instances, releases shall include both Celotex and Carey Canada.

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