PROTECTED MATERIAL: MONSANTO
INSURANCE COVERAGE LITIGATION

MONSANTO

From
(Name-Location-Phone) C. Elmer, A3NA, 4-8861

Date : February 1, 1988

Subject : MINUTES OF DEO/LIAISON COMMITTEE MEETING
January 29, 1988

Reference :

TO : Committee Members
Present:
T. F. Evans
R. L. Fields, C2NJ
B. R. Friedlander
R. L. Harness, C2SB
M. A. Pierle, G4WT
G. Roush, Jr.
J. H. Senger

cc: J. R. Condray
B. J. Gilhousen, E2NK
J. L. Henshaw
G. J. Levinskas
P. H. Smith, E2NK
M. W. Stevens
R. E. Toth, E3SA

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MST 37

1. MSDS Comparisons and Policy (J.R.Condray, etal)

Discussion of the Rohm & Haas MSDS (received with meeting notice) led to agreement that Monsanto will continue to utilize existing internal guidelines. However, it was recommended that Title III hazard categories be added routinely to MSDS updates under Product Identification, and Environmental Effects data be extracted from the "Other Information" section and placed within a new "Environmental Effects" section. This section will be removed if no environmental data is available.

Insofar as the various discussions within CMA, ANSI, ASTM, and Europe, Monsanto supports development of guidance as to content but not towards mandated sections or their sequence. The MSDS Committee was also requested to revisit Monsanto policy as to MSDS content.

Various approaches were discussed to satisfy the different needs of a widely disparate group of MSDS recipients. While the current version can be understood by health and/or environmental professionals, it is too complex and detailed for a farmer or other public end-user. Since this problem appears most acute for MAC products, R. Harness agreed to provide a current MSDS, simplified for easier communication, to P. Smith for comparison with its current counterpart. One suggested approach, to avoid potential liability problems by removing details, was to write a simplified MSDS and attach details via a separate page.

2. Insurance (R.E.Toth) MCO 7112905

Key points of this presentation (visual aids attached) were:

- Insurance companies turnaround from losses in 1984-5 to profits in 1986 as a result of higher premiums and greater selectivity.

DEPOSITION EXHIBIT
Roush 3
2-16-93 CRK

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- Monsanto has backed off on external insurance for property and business interruption with savings of $6.5M annually.
- Monsanto still has several "major" liability claims pending.
- Monsanto has reduced its external liability insurance coverage, taking on more of the initial risk - up to about $100M.

3. Carcinogen Policy (G.J.Levinskas/G.Roush,Jr.)
(Draft attached to meeting notice.)

The document was intended to be consistent with, and a checklist of actions to take, with respect to compliance with WWG#5, when new internal or external health/environmental knowledge is obtained.

Discussions included suggestions for a decision-tree approach, consideration of differences in handling allegations, animal studies, epidemiology studies, etc. and the degree of confidence in reported data as well as its significance.

It was recommended that a workgroup comprising G. Roush, B. R. Friedlander and G. J. Levinskas recommend the most appropriate means of documenting actions and decisions to be taken (decision-tree approach) as well as where this document should reside and to whom it should be distributed.

The remainder of the agenda will be taken up at the next meeting on February 29, 1988, at 8:00am in Conference Room A3115N.

C. Elmer

CE/ct
Attachment

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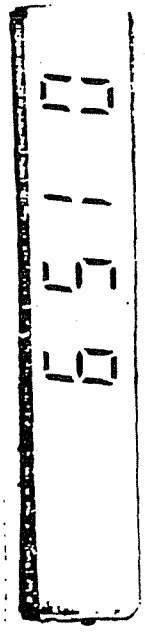

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R.E. ICTH
1/29/88

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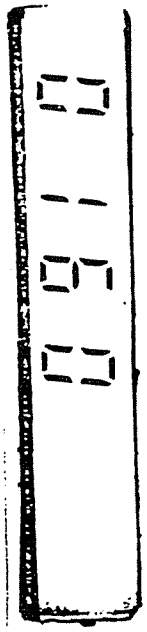

RISK MANAGEMENT

PURPOSE

- DEVELOP AND ADMINISTER WORLDWIDE RISK MANAGEMENT/INSURANCE PROGRAMS.
- IDENTIFY AND ANALYZE EXPOSURE TO LOSS.
- DETERMINE APPROPRIATE LEVEL OF SELF ASSUMPTION OF RISK.
- PURCHASE INSURANCE COVERAGE WHERE APPROPRIATE.

MCD 7112907

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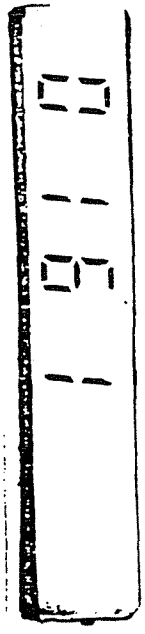

INSURANCE INDUSTRY OVERVIEW

- 1984 AND 1985 PRE TAX LOSS - $10 BILLION
- 1986 PRE TAX INCOME - $11 BILLION
- CONTINUATION OF ADVERSE COURT DECISIONS
- RELUCTANCE TO INSURE HIGH RISK COMPANIES

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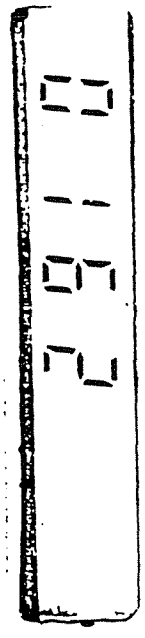

MAJOR LIABILITY CLAIMS

AGENT ORANGE

BHOPAL

DES

DALKON SHIELD IUD's

ASBESTOS

WASTE DISPOSAL SITE CLEAN UP

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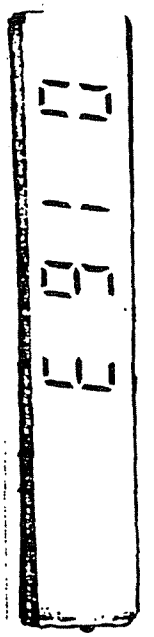

MAJOR MONSANTO CLAIMS

AGENT ORANGE

STURGEON

IUD'S

WASTE DISPOSAL SITE CLEAN UPS

PCB'S

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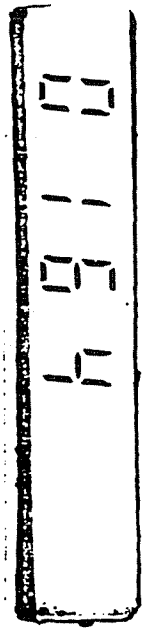

CORPORATE LIABILITY INSURANCE

- PRODUCTS
- POLLUTION (LIMITED)
- OPERATIONS

PROPERTY AND BUSINESS INTERRUPTION INSURANCE

- ALL RISKS OF LOSS
- PHYSICAL DAMAGE
- BUSINESS INTERRUPTION

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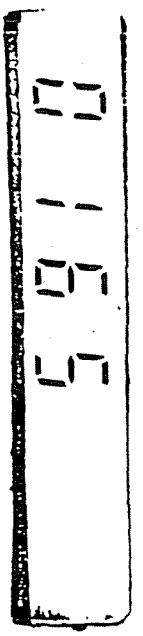

PROPERTY AND BUSINESS INTERRUPTION

- $55 MILLION UNINSURED RISK
  (deductible by occurrence)
- $450 MILLION INSURANCE PROTECTION
- $6.6 MILLION ANNUAL "SAVINGS"

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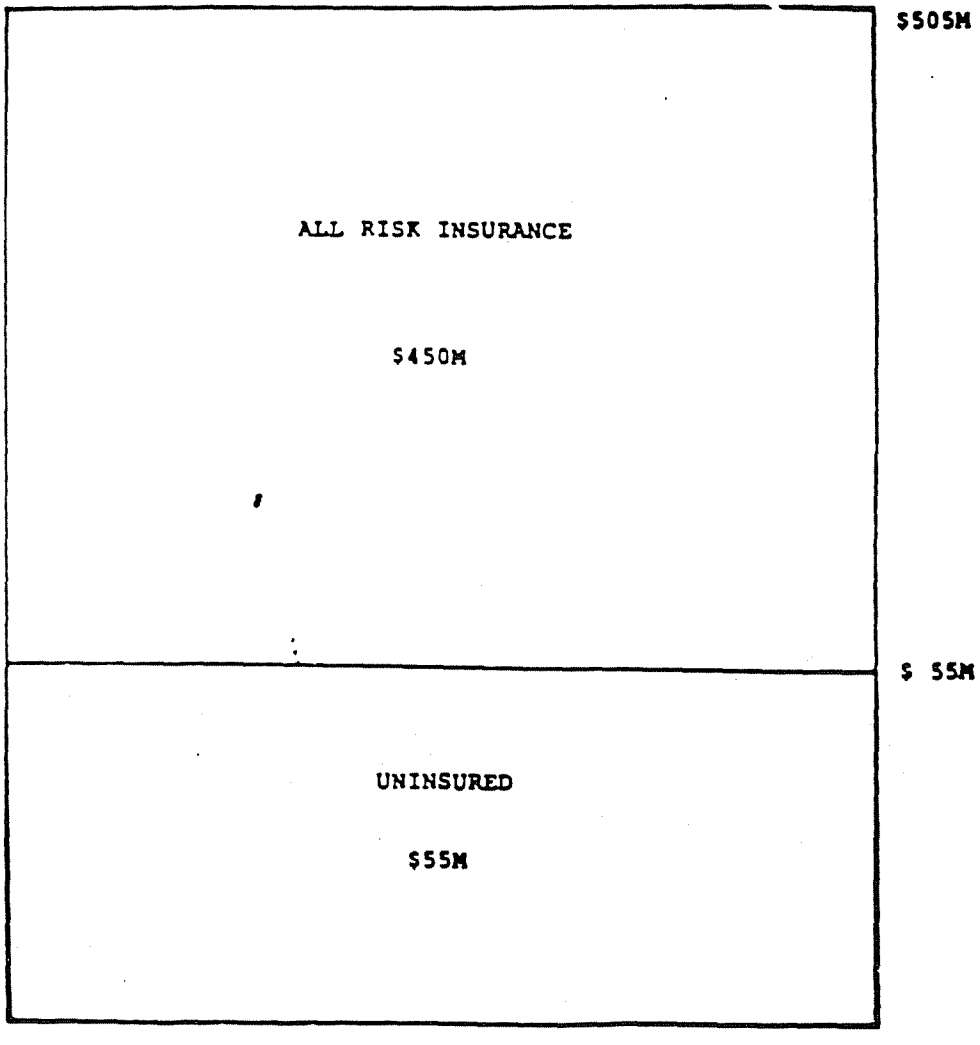
PROPERTY AND BUSINESS INTERRUPTION



MCO 7112913

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LIABILITY INSURANCE COVERAGE
($ MILLIONS)

1965	50
1970	75
1975	100
1980	180
1984	350
1985	200
1986	211

MCD 7112914

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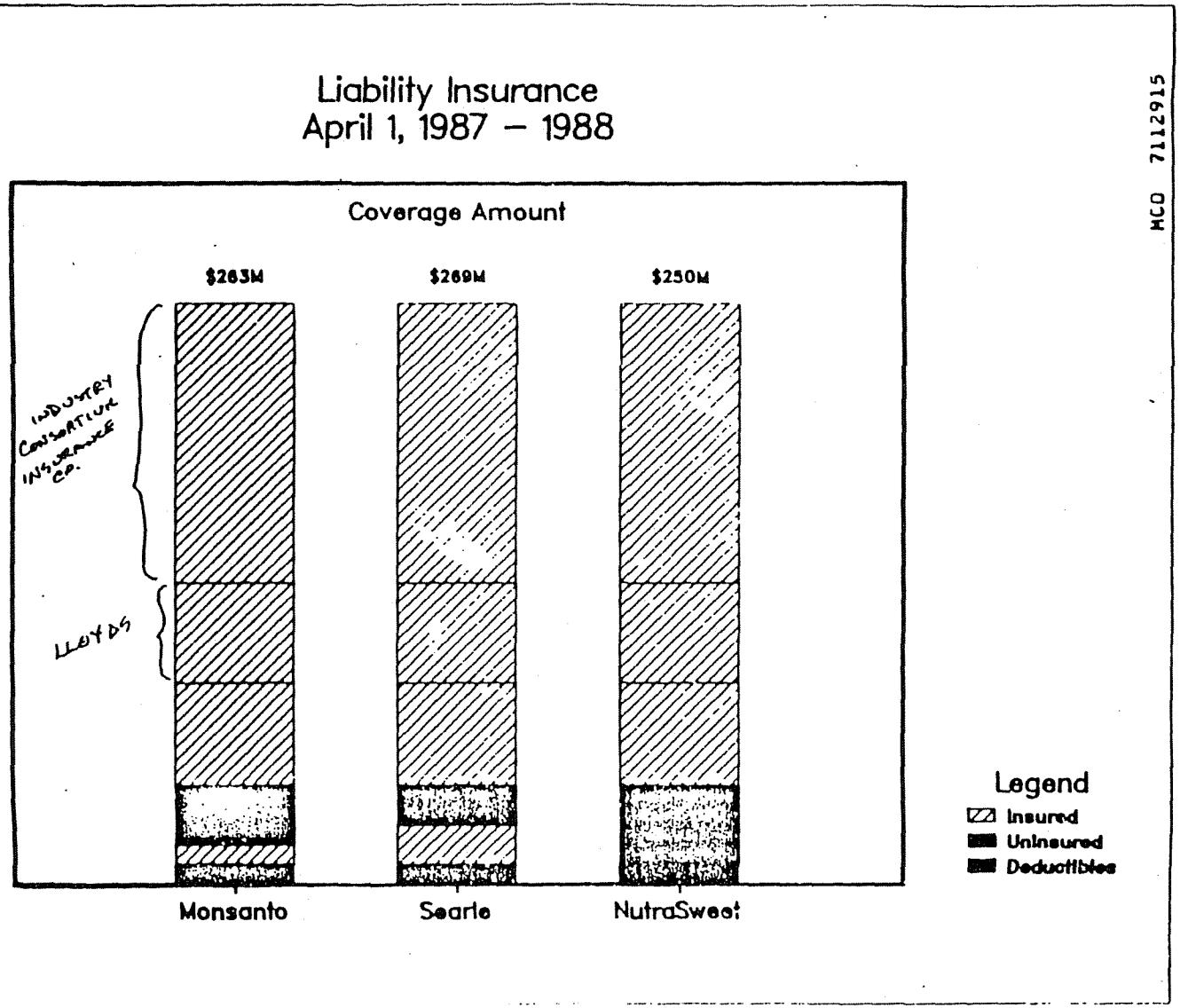

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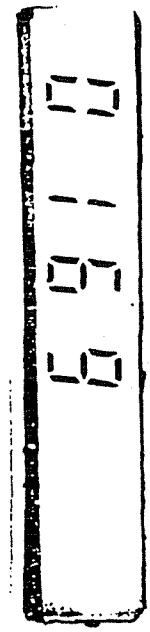

WORLDWIDE

RISK MANAGEMENT COSTS

($ MILLIONS)

1982	40
1986	44
1987	46*

PREMIUMS - $20

RESERVES FOR FUTURE CLAIMS - $26

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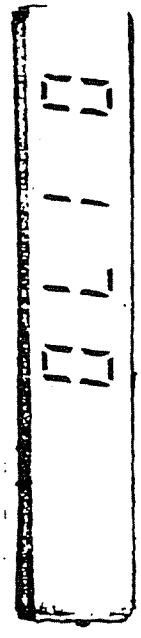

RISK MANAGEMENT

TRENDS

- PRODUCT LIABILITY AND WORKER HEALTH LITIGATION WILL CONTINUE TO INCREASE.

- MONSANTO'S CHANGING BUSINESS PROFILE WILL INTRODUCE NEW RISKS -- HEALTH CARE AND BIOTECHNOLOGY.

- INSURANCE MARKETS WILL CONTINUE TO BE RELUCTANT TO ACCEPT CHEMICAL AND PHARMACEUTICAL RISKS.

- MONSANTO WILL ACCEPT LARGER UNINSURED RISKS.

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