Raybestos Manhattan

CORPORATE HEADQUARTERS
100 OAKVIEW DRIVE, TRUMBULL, CONNECTICUT 06611, U.S.A. (203) [illegible]-1101

Donna,
Put on pending file.
Jim

February 10, 1981

Mr. Jim Arnold
Balkamp, Inc.
2601 South Holt Road
Indianapolis, Indiana 46241

Re: Product Liability

Dear Mr. Arnold:

Your request to be named as an "additional insured" under our Product Liability Insurance relative to your handling our product has been referred to me for action. We cannot provide your company with such coverage at this time, but in response to your request, please let me outline for you our previous corporate decisions in this area, the reasons for those decisions, and the legal remifications for us of any policy change at this time.

From time to time purchasers of products manufactured and sold by an operating unit of Raybestos-Manhattan, Inc. inquire as to our insurance coverage and specifically whether any portion of that coverage extends to cover such purchasers as an "Additional Named Insured."

Business firms are finding themselves exposed more frequently than ever before to litigation pertaining to products liability and it is becoming increasingly more difficult to obtain products liability insurance to vitally protect against catastrophic occurrences. In view of this reality, Raybestos-Manhattan is obliged to insure that it limits its liability exposure to Raybestos-Manhattan only, in order to maintain a reasonable exposure and continue its catastrophic coverages.

Customers may be assured that Raybestos-Manhattan stands by its products and maintains ample product liability coverage ($1,000,000 primary plus excess) to protect against such liability, and will provide a certificate of insurance as evidence of such coverage. Raybestos-Manhattan, upon timely notification, will investigate alleged claims involving our products. Timely notification of your Raybestos-Manhattan representative will allow a proper investigation, reasonable determination of liability and avoidance of legal default in event of suit.

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As an additional consideration for us (as a seller of products for resale) is the potential applicability of federal antitrust law, particularly the Robinson-Putman Act, which prohibits a seller from discriminating among its competing distributors as to prices, services and other benefits. It can be argued that a seller must directly offer a benefit as "additional insured" insurance coverage to each of its similar distributors, and not only to those customers who specifically inquire and request such coverage.

Accordingly, under the advice of its insurance broker and carriers, Raybestos-Manhattan, Inc. reluctantly has decided that it will not provide such a benefit at this time. This decision is the result of much soul-searching and consultation with lawyers and insurance experts and results from the recognition that it is difficult, if not impossible, for us to control the safe and proper handling, use and application of our products once they have passed out of our control.

On the other hand, if it would be of assistance to you in negotiating with your carrier, we could have our insurance carrier provide your company with a standard form Certificate of Insurance showing our $1 million primary insurance coverage cited above. If so, please let me know.

Very truly yours,

D. E. Brodasky
Director, Risk Management

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