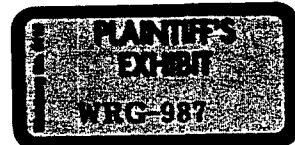


GRACE



J. P. C. JUN 15 1982

W.R. Grace & Co.
62 Whittemore Avenue
Cambridge, Mass. 02140

16171 876-1400

06134172

June 15, 1982

Mr. Robert Creed
Regional Branch Underwriting Manager
Royal Insurance Company of America
10 South Riverside Plaza
Chicago, Illinois 60606

Re: Insurance Coverage - The Zonolite Company,
Chicago, Illinois

Dear Mr. Creed:

I am writing to you to determine what casualty and liability insurance coverages were written by the Royal Indemnity Company, or any of its affiliates and subsidiaries, for the Zonolite Company for the period 1950 through 1963.

W. R. Grace & Co. acquired the Zonolite Company in April of 1963 and the company was dissolved in 1964. Prior to that time, the Zonolite Company, a Montana corporation having its principal office at 135 South La Salle Street, Chicago, Illinois, conducted a nationwide mining and manufacturing business. The company's business centered around the production of a mineral, vermiculite, which was mined in Montana and South Carolina. Zonolite brand vermiculite and products containing vermiculite were sold to a variety of industries, including the construction, fertilizer and steel industries. The company was backed financially, in part, by the Fisher Auto Body Company of Detroit and the Armour Meat Packing Company of Chicago.

The Zonolite Company had a number of subsidiaries which also may have been insured by one or more of your companies: Ari-Zonolite Company (Arizona); California Zonolite Company (California); Tennessee Zonolite Company (Tennessee); Texas Vermiculite Company (Texas); Vermiculite Manufacturing Company (Washington); Vermiculite-Northwest, Inc. (Oregon); and Western Mineral Products Company (Minnesota).

The principals of the Zonolite Company in 1963 were: J. A. Kelley, President; J. H. Bishop, Secretary; F. W. Rupp, Treasurer; R. W. Sterrett, D. L. Prouty, and D. J. Boone, Vice Presidents. It is my understanding from Messrs. Rupp and Sterrett that the Royal Indemnity Company wrote workmens com-

J. F. C. JUN 16 1982

Mr. Robert Creed
June 15, 1982
Page Two

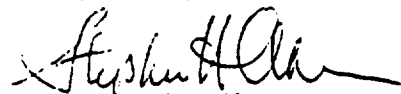
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pensation policies for the years April 1, 1958 through April 1, 1963 - RCS 207418, RCS 225944, RCS 021609, RCS 021600, RCS 021601, RCS 021602; Automobile Liability Insurance Policies for the years April 1, 1961 through April 1, 1963 - RMA 021610, RMA 021611, RMA 021612.

Workmen's compensation, automobile liability and general liability policies in addition to those listed above may also have been written by one or more of your companies for the Zonolite Company and its subsidiaries during the period 1950 through 1963. I would appreciate it if you could provide me with the policy numbers for those policies and, if possible, with copies of the policies and declaration pages.

If you need additional information, please do not hesitate to contact me at the telephone number appearing above.

Very truly yours,


Stephen H. Ahern

SHA:jak

bcc: H. L. Bauer
J. P. Cahalane
O. M. Favorito