FILE NAME: Eternit (ETER)

DATE: 1977 Feb 10

DOC#: ETER004

DOCUMENT DESCRIPTION: Turner & Newall Board Meeting, Internal Report - Health Risks & Asbestos Products - Insurance Matters

L102/1415 DRAFT G1953/4

Ins 178 (21)

Turner & Newall Limited
Board Meeting - 10 February 77

Chairman's Statement

Insurance Matters

HEALTH RISKS AND ASBESTOS PRODUCTS

Insurance

Public Liability

~~Any~~ legal liability to members of the public for injury to persons, including health risks, arising from products supplied worldwide from premises in the UK is covered by our public liability insurance to the extent of £3M in any one period of insurance. The present period of insurance runs from 1 January 1977 to 31 December 1977. This insurance is subject to an excess of £5,000 for any claim arising from fire, or £500 in respect of any other claim. This insurance does not extend to liability ~~in all~~ for products supplied from premises outside the UK, ~~and~~ it is the responsibility of the overseas companies to arrange their own insurances, including liability insurances.

T&N has at present no insurance protection in respect of any claim which may be made against T&N arising from products supplied from premises overseas. Enquiries have been made to see if it is possible for T&N to obtain a worldwide umbrella cover to protect T&N in case of liability for injury caused by a product of one of its overseas subsidiaries. It is believed that limited protection could be obtainod, but insurers may insist that full

Cont. ...

public liability insurance is already in existence for each overseas subsidiary. Furthermore, insurers would insist on a substantial deductable, and it seems that US $1M would be likely, but it could be as high as US $5M. Such an insurance cover would do little more than protect the T&N balance sheet against a major catastrophe. A considerable amount of investigation would be necessary before cover could be obtained, involving reports on precautions taken by each overseas company in respect of each product, quality control procedures, and any other aspect which may affect the risk. In view of the substantial amount of work involved, no steps will be taken to obtain a quotation without the approval of the Board, but if it is desired to have such a quotation, we should act quickly before the liability market deteriorates further. The possibility that the existence of the cover could mean that claims will be speculative.

Employer's Liability

As with public liability, it is for the overseas companies to make their own arrangements for employer's liability insurance. As far as the UK is concerned, T&N has traditionally assumed liability for claims arising from asbestosis. When the Employer's Liability (Compulsory Insurance) Act came into force we found ourselves in some difficulty. The present situation is that our insurers (The Royal Insurance Co Ltd) provide ~~us with~~ the certificates required by the Act, but the clause in the policy excluding asbestosis liability still remains. Insurers have now indicated that they are not ~~happy with this state of affairs~~ prepared to continue, and we ~~have to agree with them that it is far from satisfactory~~. Insurers are now, through Roy Robinson seeking another insurer. The Royal were concerned

because since 1972 they have been carrying a risk, by reason of having issued the certificates, which is specifically excluded from the policy, and furthermore that it is a continuing risk for claims which may take up to twenty years to arise. ~~Insurers have~~ They ~~not~~ forward a suggestion that we consider setting up a trust fund so that claims could continue to be paid even if T&N became unable to meet them. This ~~is~~ was not regarded by T&N as a practical solution. On the other hand, T&N ~~have~~ asked ~~insurers~~ The Lloyd's to quote a premium for full cover within the terms of the Act but ~~as yet~~ they have declined to do so. ~~no response to this request has been received.~~ The obvious solution seems to be for T&N to continue to settle asbestosis claims, and for insurers to charge a premium for the other risks which reflects their contingent liability ~~to~~ to meet asbestosis claims if T&N ever fail to do so, but ~~insurers are reluctant to do this. Negotiations are continuing.~~ they have declined to accept this course.

Labelling of Asbestos Products

There is no statutory liability on T&N to label goods containing asbestos, and no request has ever been received from insurers for this to be done. The T&N companies in the UK are, however, introducing labelling of products in accordance with the recommendations of the Asbestos Information Committee. ~~where it is practicable to do this and where there are no overriding commercial considerations~~

U. K.

The precautions vary from company to company and from product to product but generally the position can be

0070 0402 14 18

summarized as follows:-

Ferodo	
UK Sales	99% of asbestos products are labelled
Overseas Sales	no products are labelled
TBA	
UK Sales	the vast majority of asbestos products are labelled
USA Sales	the vast majority of asbestos products sold in the USA are labelled
Other export sales	no products are labelled
TAC	
UK Sales	all products are labelled except pipes and certain products produced by the Engineering Division
Overseas Sales	Pipes are not labelled, and products of the Engineering Division are only labelled where a country's legislation demands. Other products are labelled.
Engineering Components	no products are labelled, but consideration is being given to labelling certain products.

Take in Mr. Harrison's note