[redacted]

POST OFFICE BOX 1228
BALTIMORE, MARYLAND 21203

MARYLAND CASUALTY COMPANY
AN AMERICAN GENERAL COMPANY

TELEPHONE: (301) 366-1000
TELEX: 8-7984 MOCAS CO BAL

January 5, 1983

RECEIVED
W. R. Grace & Co. - N. Y.
CORP. RISK MGMT.

JAN 7 1983

Action: JA
File:

W. R. Grace and Company
Mr. Jeffrey M. Posner
Grace Plaza
1114 Avenue of the Americas
New York, New York 10036

Re: Greenville County School District vs.
W. R. Grace and Company, et al
U.S.D.C. - South Carolina #82-3142-14
Your Reference #: L-1493

Dear Mr. Posner:

This is to acknowledge receipt of your December 30, 1982 letter enclosing captioned suit and pertinent correspondence.

As I previously informed you in my November 17, 1982 letter on the Richland County School District One suit, your file #L-82-1350, it is the position of Maryland Casualty Company that their expired comprehensive general liability policies do not provide property damage coverage for removal of asbestos products from these school buildings as alleged by plaintiffs in their complaints.

As put forth in my November 17, 1982 letter to you, this decision of no coverage was and is based upon the terms, definitions, conditions and exclusions contained in the W. R. Grace policies of insurance with the Maryland Casualty, more especially as outlined below:

> Under ~~I~~ of the terms of the policy Coverage D - Property Damage Liability, other than Automobile.---The Company will pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages including liability assumed under contract because of:***Property Damage*** to which this insurance applies, caused by an Occurrence (emphasis supplied) and arising out of all operations of the insured, including but not limited to those operations as stated on the schedule attached hereto.

0620776

2845F/sdk/1

Under Exclusions - This insurance does not apply:
Exclusion (D) - Under Coverage D to injury or destruction of (1) *** (2) any goods, products or containers thereof manufactured, sold, handled or distributed or premises alienated by the named insured or were completed by or for the named insured out of which the Occurrence (emphasis supplied) arises.

The policy definition of Occurrence---With respect to Coverage D, "Occurrence means either an accident, event or continued or repeated exposure to conditions which unintentionally causes injury to or destruction of property during the policy period. All damages arising out of such exposure to substantially the same general conditions shall be considered as arising out of one occurrence.

From the allegations contained in the aforementioned two complaints, it is apparent the plaintiffs claim property damage did not or will not occur within Maryland's policy periods of insurance for W. R. Grace. Therefore, we must respectfully decline coverage.

If for any reason you do not agree with the reasoning for this disclaimer, or if you should have additional information that may allow a different interpretation of W. R. Grace's coverage, please contact me for further discussions and/or consideration of our position.

Sincerely,

D. N. Kappus
Claims Counsel

CC: Mr. J. W. Bradford
CNA Insurance
P. O. Box 36126
Charlotte, North Carolina 28236-6126

0620777

2845F/sdk/2