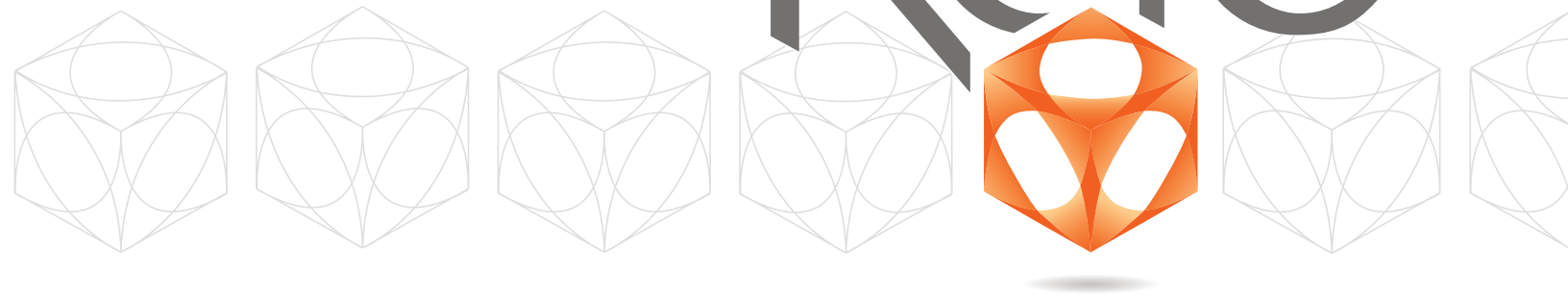


Be Certain.

KCIC



Asbestos Litigation: 2015 Year in Review

KCIC Industry Report

INTRODUCTION

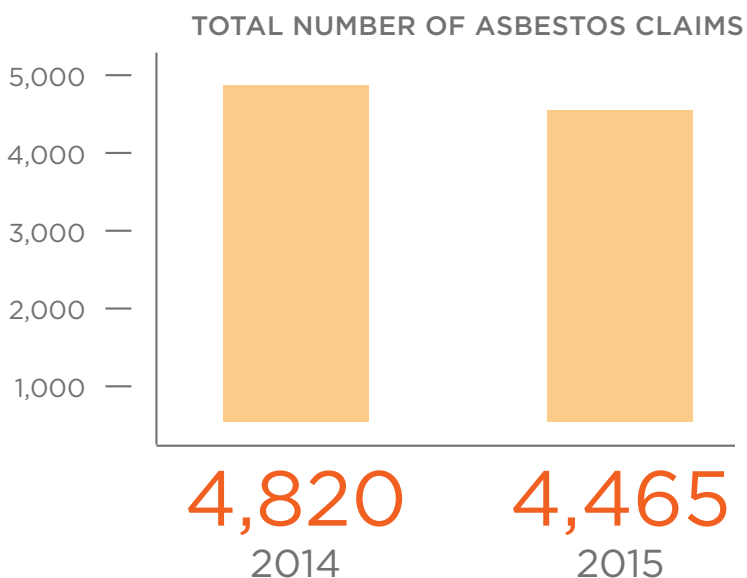
For decades, asbestos litigation has been a booming business — “the Energizer Bunny of toxic torts”, as it once was described.

However, there is no national registry for asbestos personal injury claims. In other words, even though huge numbers of claimants, law firms, and defendant companies have been involved over the years, the total population of filings in the United States has been unclear.

As a product liabilities consulting firm, KCIC processes thousands of asbestos personal injury complaints each year. As a result, we have a database that is unique and robust. We estimate that it captures at least 90% of the total asbestos filings in the U.S.

In 2014, we began looking at this data as a whole, as well as slicing and dicing it to better understand the depth of the dysfunction that exists in asbestos litigation. After the close of 2015 — with materially all complaints filed in 2014 and 2015 in our database — KCIC conducted analysis that compares one year to the next. (Note: There is an average lag of approximately one month between file date and the date a defendant receives the complaint. The dataset is continually updated and will likely change as new 2015 filings continue to be served. Figures in this report were generated on February 1, 2016.)

The good news is that in 2015, claims are down slightly — 7% across all diseases, according to our data.



But delving deeper into the data, we see extreme concentrations of who is filing, where and what they are filing, and who is being named.

CRUX OF THE PROBLEM

Defendant Companies are on the Rise

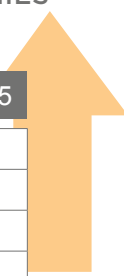
Though unique filings went down slightly from 4,820 in 2014 to 4,465 in 2015, we see an increase in the number of companies being named as defendants — 69 on average in 2015, from 64 in 2014.

Worth noting is that in 2015, the highest number of companies named on one complaint was 361. Also, only 12 lawsuits named one defendant.

These numbers may be subject to some duplication due to corporate name changes and corporate successors being named a variety of ways, along with parent corporations. However, KCIC took care to standardize defendant names in the dataset.

DEFENDANT COMPANIES PER LAWSUIT

	2014	2015
Maximum	317	361
Minimum	1	1
Average	64	69
Median	50	55

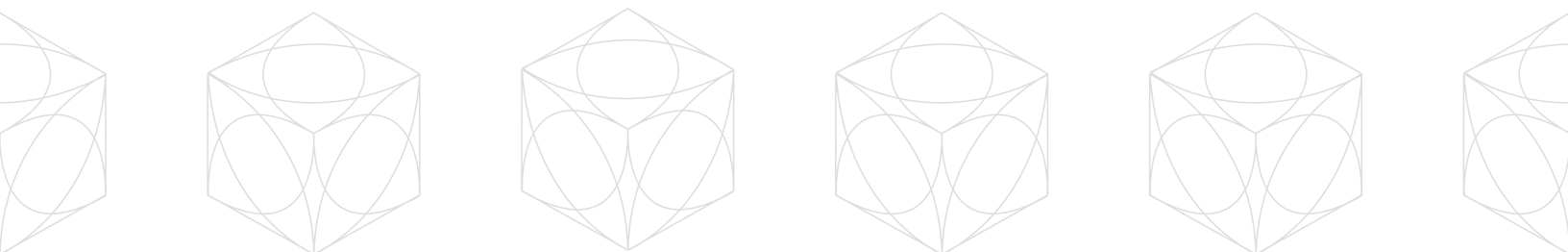


Naming multiple defendants has practically become an epidemic.

Nearly half of all lawsuits in 2015 named between 51 and 150 defendant companies, while only 12 named one defendant company.

EVERYONE IS DOING IT

Count of Defendant Companies Named	# of Total 2015 Lawsuits Filed	% of Total 2015 Lawsuits Filed
50 or Less	2,014	45.1%
51-100	1,440	32.3%
101-150	708	15.9%
151-250	263	5.9%
251+	40	0.9%



The Cost of Doing Business in 2015

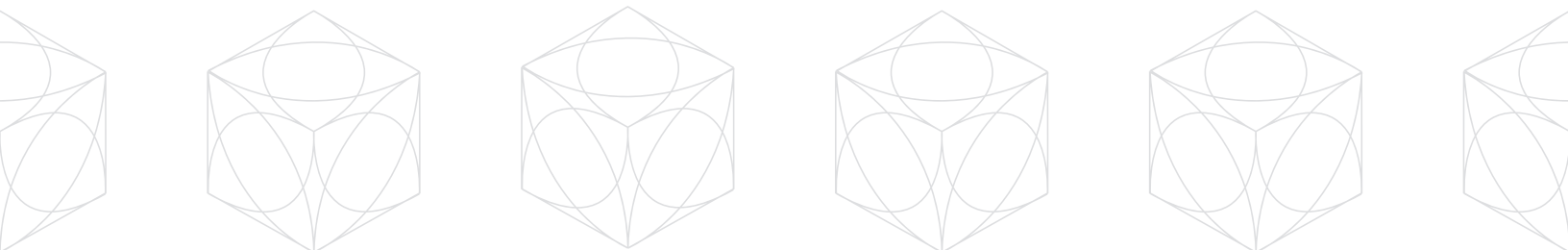
When we know how many companies get dragged in, and how many suits get filed, a picture begins to form. Every complaint filed in 2015 had to be assigned to defense counsel, opened and answered. Most of these complaints will require additional defensive actions before reaching a settlement, dismissal or verdict. When we multiply the total number of lawsuits filed by the average number of defendants named, we find that over 300,000 initial actions had to be taken.

$$4,465 \times 69 = 308,085$$

Lawsuits Filed in 2015 Average Defendants Per Unique Lawsuit Potential Legal Transactions

This represents an enormous tax on corporate America. The transaction costs remain significant for even the smaller defendants, or defendants with high dismissal and low settlement rates. For the more frequently named defendants, it is a cost of doing business that affects their bottom line in many ways.

It is worth noting that these estimated 300,000+ legal transactions do not include the subsequent insurance coverage litigation that arises as defendants look to their general liability insurance carriers for assistance in defending and paying these claims.



JURISDICTION & DISEASE

Where and What is Being Filed

When we look at total asbestos filings in 2015, the top 15 jurisdictions represent nearly 82% of total filings.

At the top of the list is longstanding leader Madison County, IL, with 25% of total filings. The next closest jurisdiction is Baltimore City, MD, with 11% of total filings. The rest are a long way behind.

**MADISON COUNTY, IL
HAD 25% OF ALL
FILINGS IN THE U.S.**

TOP 15 JURISDICTIONS BY TOTAL FILING COUNT

Top 15 Jurisdictions 2014 - 2015	Filings By Year			Percent Change
	2014	2015	Total	
Madison County, IL	1,074	1,123	2,197	4.6%
Baltimore City, MD	575	506	1,081	-12.0%
New York, NY	399	393	792	-1.5%
Wayne, MI	294	288	582	-2.0%
St. Louis, MO	227	229	456	0.9%
Philadelphia, PA	213	224	437	5.2%
Cook County, IL	170	185	355	8.8%
New Castle, DE	219	124	343	-43.4%
Kanawha, WV	173	90	263	-48.0%
Los Angeles, CA	92	93	185	1.1%
St. Clair, IL	84	101	185	20.2%
Middlesex, MA	65	102	167	56.9%
Middlesex, NJ	75	77	152	2.7%
Allegheny, PA	59	64	123	8.5%
Northampton, PA	63	55	118	-12.7%
Total	3,782	3,654	7,436	
Percent of Annual Filings	78.5%	81.8%	80.1%	

Breaking the numbers down by disease, we see that complaints were down for all categories except two: mesothelioma — the main economic driver of these lawsuits — and other cancer.

COMPLAINTS BY DISEASE

Disease from Complaint ¹	2014	2015	Percent Change
Mesothelioma	2,012	2,102	4.5%
Lung Cancer	1,092	1,062	-2.7%
Non-Malignant	998	758	-24.0%
Unknown	408	339	-16.9%
Other Cancer	132	145	9.8%
Pneumoconiosis	88	44	-50.0%
Silicosis	90	15	-83.3%
Total	4,820	4,465	

¹ When more than one disease is alleged, the highest level of malignancy is used for purposes of reporting.

Filing Trends by Jurisdiction: Asbestos

Where are the greatest shifts in asbestos filing occurring?

It is interesting to examine which jurisdictions saw the highest percent of increase or decrease in filings. For purposes of limiting the list, we only considered jurisdictions with at least 10 claims filed.

Keep in mind that total percent changes do not always tell the whole story — a specific observation might be masked by aggregate statistics. For example, from 2014 to 2015, total filings out of Kanawha, WV, decreased 48%. However, if you only look at this aggregated statistic, you may miss other interesting changes occurring in this jurisdiction; namely the significant increase (from 6 in 2014 to 21 in 2015) in lung cancer lawsuits filed by Goldberg, Persky & White.

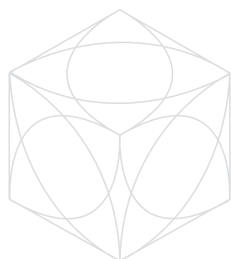
Another decrease in overall filings occurred in Jefferson, AR, (92% decrease). This was due to the 60+ pneumoconiosis and silicosis filings made by The Smith Law Firm in 2014, versus three in 2015.

DECREASE IN FILINGS

Jurisdictions (City, State)	Filings By File Year		
	2014	2015	Percent Change
Ontonagon, MI	22	0	
Crittenden County, AR	13	0	
Muskegon, MI	39	2	-94.9%
Jefferson, AR	78	6	-92.3%
Harlan, KY	12	2	-83.3%
Newport News, VA	94	19	-79.8%
Manistee, MI	12	3	-75.0%
Nassau, NY	8	3	-62.5%
District of Columbia	8	3	-62.5%
Knox, TN	18	7	-61.1%
Schenectady, NY	15	6	-60.0%
Kanawha, WV	173	90	-48.0%
Broward, FL	9	5	-44.4%
New Castle, DE	219	124	-43.4%
Pike, KY	10	6	-40.0%

* Ranked by net % change for jurisdictions with >= 10 total filings.

Likewise, some interesting increases are observed. Alpena, MI, had no filings in 2014, but in 2015 had 15 non-malignant filed by Goldberg, Persky & White. Monroe, NY, had a similar dramatic increase of 125% in lung cancer and mesothelioma filings. Middlesex, MA, saw a 53% increase in lung cancer and mesothelioma complaints filed by Thorton Law Firm and The Shepard Law Firm.



INCREASE IN FILINGS

Jurisdictions (City, State)	Filings By File Year		
	2014	2015	Percent Change
Alpena, MI	0	15	
Albany, NY	4	12	200.0%
Bucks, PA	3	9	200.0%
Knott County, KY	4	11	175.0%
Suffolk, NY	4	9	125.0%
Monroe, NY	6	12	100.0%
Marion, IN	5	9	80.0%
Ramsey, MN	8	14	75.0%
Charleston, SC	4	7	75.0%
Onondaga, NY	9	15	66.7%
Orleans, LA	18	29	61.1%
Middlesex, MA	65	102	56.9%
Cambria, PA	20	30	50.0%
Pierce, WA	4	6	50.0%
East Baton Rouge, LA	5	7	40.0%

* Ranked by net % change for jurisdictions with >= 10 total filings.

Filing Trends by Jurisdiction: Mesothelioma

Mesothelioma is the real economic driver of these lawsuits and it is imperative to pay close attention to changes in filing trends for these claims.

While mesothelioma filings in Madison County, IL, are holding fairly steady (<10% increase from 2014 to 2015), other counties in the top 15 jurisdictions are seeing more dramatic changes. Metro Los Angeles had a 41% increase, with 83 mesothelioma filings in 2015 — 24 more than in 2014. Of the 83, 28 were filed by Simmons Hanly Conroy. Meanwhile, New York City saw a 56% increase, with Weitz & Luxenberg filing 19 mesothelioma lawsuits in 2015 and none in 2014. It is worth noting that Weitz & Luxenberg's unknown disease filings decreased in 2015, so this increase in mesothelioma filings may be due to a change in how often diseases are specified in these complaints.

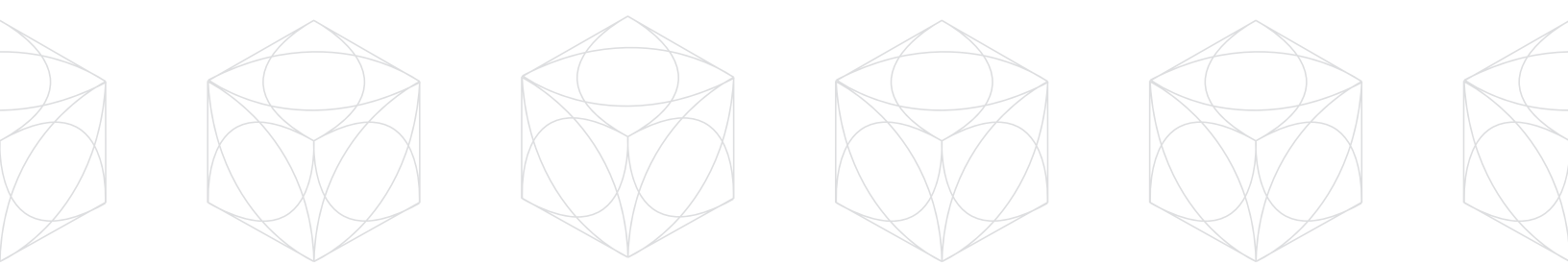
Mesothelioma: Top 10 Increasing Jurisdictions*			
Jurisdictions (City, State)	Filings By File Year		
	2014	2015	Percent Change
Harris, TX	3	9	200.0%
Ramsey, MN	7	13	85.7%
Middlesex, MA	32	58	81.3%
Onondaga, NY	7	12	71.4%
New York, NY	52	81	55.8%
Orleans, LA	12	18	50.0%
Pierce, WA	4	6	50.0%
St. Clair, IL	4	6	50.0%
Los Angeles, CA	59	83	40.7%
King, WA	23	32	39.1%

* Ranked by net % change for jurisdictions with >= 10 total filings.

Mesothelioma: Top 10 Decreasing Jurisdictions*			
Jurisdictions (City, State)	Filings By File Year		
	2014	2015	Percent Change
Schenectady, NY	7	3	-57.1%
Cass, ND	7	3	-57.1%
Wayne, MI	14	8	-42.9%
New Castle, DE	103	61	-40.8%
San Francisco, CA	10	6	-40.0%
Newport News, VA	16	11	-31.3%
St. Louis, MO	131	92	-29.8%
Cuyahoga, OH	27	20	-25.9%
Kanawha, WV	39	29	-25.6%
Erie, NY	14	11	-21.4%

* Ranked by net % change for jurisdictions with >= 10 total filings.

METRO LOS ANGELES HAD A **41** PERCENT INCREASE, WITH **83** MESOTHELIOMA FILINGS IN 2015.



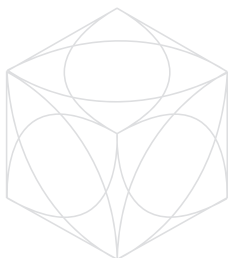
Top 15 Jurisdictions: Disease Mix

Reviewing jurisdictions by disease mix makes another area of concentration apparent. Looking at the top jurisdictions in 2014 and 2015, we see that Madison County, IL, is not only an epicenter for total asbestos filings. It also leads the list for mesothelioma filings, with a whopping 48% of all such filings in the country.

Jurisdiction	Lung Cancer	Mesothelioma	Non-Malignant	Other Cancer	Unknown
Madison County, IL	9.5%	48.1%	0.7%	1.4%	0.9%
Baltimore City, MD	16.0%	0.9%	31.7%	52.4%	0.3%
New York, NY	4.6%	3.9%	0.8%	4.1%	74.0%
Wayne, MI	4.1%	0.4%	29.3%	9.7%	0.0%
St. Louis, MO	12.1%	4.4%	0.7%	2.1%	0.0%
Philadelphia, PA	7.9%	3.9%	4.7%	12.4%	1.5%
Cook County, IL	4.6%	5.4%	2.5%	2.1%	0.0%
New Castle, DE	5.3%	2.9%	0.8%	0.7%	0.0%
Kanawha, WV	2.0%	2.8%	2.6%	0.0%	0.9%
St. Clair, IL	8.7%	0.3%	0.1%	1.4%	0.0%
Los Angeles, CA	0.8%	3.9%	0.1%	0.0%	0.0%
Middlesex, MA	5.4%	1.4%	0.5%	0.0%	0.0%
Middlesex, NJ	1.9%	2.2%	1.2%	0.0%	0.3%
Allegheny, PA	2.4%	1.6%	0.3%	0.0%	0.6%
Northampton, PA	0.8%	0.0%	6.1%	0.7%	0.0%
% of Total Disease Filings Per Disease Type Attributable to Top 15 Jurisdictions	86.2%	82.1%	82.1%	86.9%	78.5%

Top 10 Jurisdictions: Mesothelioma Filings

To put the magnitude of Madison County's filings into perspective, the jurisdiction with the next greatest number of mesothelioma filings in 2015 is Cook County, IL, with 5% — 114 versus Madison County's 1,012 lawsuits.



Top 10 Jurisdictions: Mesothelioma	2014	2015	Total
Madison County, IL	931	1,012	1,943
Cook County, IL	116	114	230
St. Louis, MO	131	92	223
Philadelphia, PA	83	81	164
New Castle, DE	103	61	164
Los Angeles, CA	59	83	142
New York, NY	52	81	133
Middlesex, NJ	44	47	91
Middlesex, MA	32	58	90
Kanawha, WV	39	29	68
Top 10 Meso Jurisdictions Total:	1,590	1,658	3,248
Percent of Total Meso Filings Attributable to Top 10 Jurisdictions:	79.0%	78.9%	

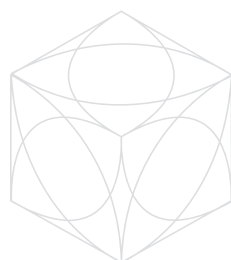
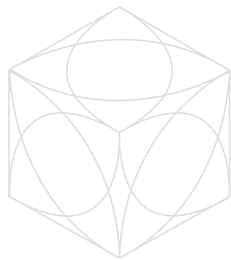
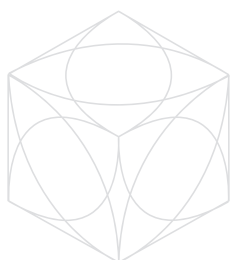
PLAINTIFF COUNSEL

Top 10 Plaintiff Firms

Besides jurisdiction and disease, the data reveals concentration among plaintiff counsel that filed asbestos claims in 2015. The top 10 firms made 60% of the 2015 filings. The top firms were mostly consistent from 2014 to 2015.

Plaintiff Firm	2015 Filing Count	Percent of Total 2015 Filings	Cumulative Percent of Total Filings	Average # Defendants Named	Minimum # Defendants Named	Maximum # Defendants Named
Gori, Julian & Associates P.C.	460	10.3%	10.3%	119	22	252
Law Offices of Peter G. Angelos P.C.	458	10.3%	20.6%	62	13	135
Weitz & Luxenberg, P.C.	431	9.7%	30.2%	38	4	157
Simmons, Hanly Conroy	367	8.2%	38.4%	58	2	204
Goldberg, Persky & White, P.C.	218	4.9%	43.3%	138	13	325
Maune, Raichle, Hartley, French & Mudd LLC	190	4.3%	47.6%	32	6	111
Cooney and Conway	178	4.0%	51.6%	68	14	172
Law Offices of Peter T. Nicholl	148	3.3%	54.9%	39	27	47
SWMK Law, LLC	120	2.7%	57.6%	111	13	263
Shrader & Associates LLP	107	2.4%	60.0%	125	15	233

% of Total 2015 Filings Attributable to Top 10 Plaintiff Firms: 60.0%



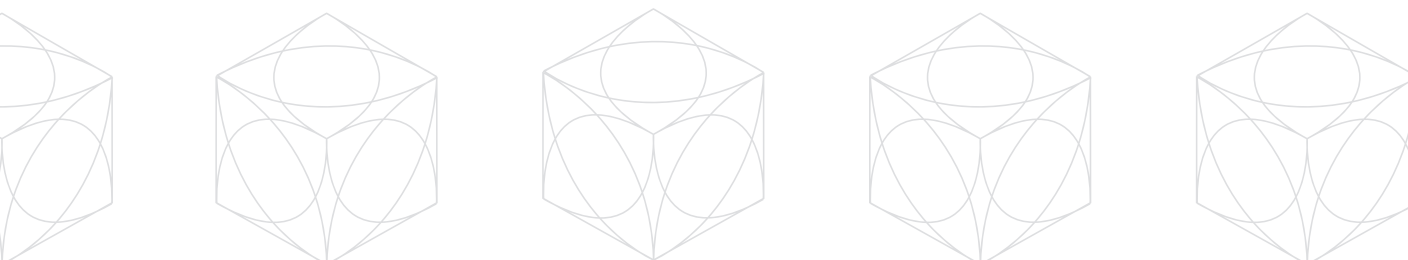
Plaintiff Counsel by Disease Mix

The concentration of plaintiff firms for total filings extends further ... to filings by disease.

For example, Gori, Julian & Associates topped the overall list, and they top the lung cancer list too, while coming in second for mesothelioma filings behind Simmons Hanly Conroy.

Also notable, Simmons filed 359 mesothelioma cases in 2015 — nearly 300 of which were in Madison County. The remainder were mostly spread between St. Louis and Los Angeles. Gori filed 263 mesothelioma claims in 2015, with 253 filed in Madison County, and the rest filed in nearby St. Clair, IL, and St. Louis.

Plaintiff Firm	Lung Cancer	Mesothelioma	Non-Malignant	Other Cancer	Unknown
Gori, Julian & Associates P.C.	18.2%	12.5%	0.0%	2.8%	0.0%
Law Offices of Peter G. Angelos P.C.	12.0%	1.1%	34.2%	33.1%	0.3%
Weitz & Luxenberg, P.C.	8.3%	4.5%	0.5%	3.4%	70.8%
Simmons Hanly Conroy	0.5%	17.1%	0.1%	0.0%	0.6%
Goldberg, Persky & White, P.C.	4.2%	0.9%	18.7%	2.1%	2.9%
Maune, Raichle, Hartley, French & Mudd LLC	0.0%	9.0%	0.0%	0.0%	0.0%
Cooney and Conway	4.3%	5.2%	2.5%	2.1%	0.3%
Law Offices of Peter T. Nicholl	6.1%	0.1%	6.6%	21.4%	0.0%
SWMK Law, LLC	3.6%	3.7%	0.4%	0.7%	0.0%
Shrader & Associates LLP	0.2%	4.8%	0.1%	0.0%	0.9%
Filing Count by Plaintiff Counsel by Disease	609	1,237	479	95	257
% of 2015 Disease Filings Per Disease Type Attributable to Top 10 Plaintiff Firms	57.3%	58.8%	63.2%	65.5%	75.8%



DEFENDANTS

Top 10 Defendant Companies

According to KCIC's data, almost 9,000 entities were named in asbestos-related litigation on the total 4,465 asbestos-related complaints in 2015.

Honing in on the most frequently named defendants, we saw this group was no anomaly. Essentially the same companies appeared at the top of the list in 2014.

In other words, the top defendants continue to be named on the majority of complaints.

Defendant Company Rank	2014		2015	
	Filings	Named on X % of All Lawsuits	Filings	Named on X % of All Lawsuits
#1	4,074	84.5%	3,959	88.7%
#2	3,710	77.0%	3,582	80.2%
#3	3,620	75.1%	3,573	80.0%
#4	3,595	74.6%	3,492	78.2%
#5	3,305	68.6%	3,433	76.9%
#6	3,295	68.4%	3,412	76.4%
#7	3,006	62.4%	3,178	71.2%
#8	2,970	61.6%	3,103	69.5%
#9	2,919	60.6%	2,805	62.8%
#10	2,477	51.4%	2,724	61.0%

Top 15 Jurisdictions by Defendant Companies

Where are these companies being named? Again, we see many familiar locations, with Madison County, IL, topping the list.

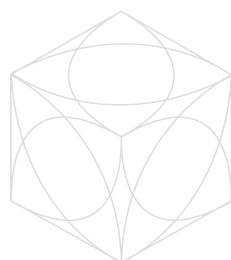
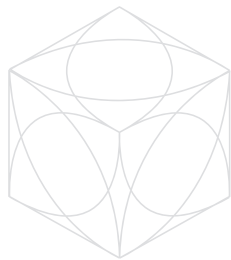
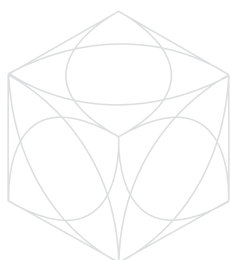
Jurisdiction	2015	% of Total Filings	Avg # of Defendants	Max # Named	% Mesothelioma
Madison County, IL	1,123	24.1%	84	263	48.1%
Baltimore City, MD	506	11.3%	54	135	0.9%
New York, NY	393	8.4%	46	192	3.9%
Wayne, MI	288	6.2%	120	215	0.4%
St. Louis, MO	229	4.9%	86	204	4.4%
Philadelphia, PA	224	4.8%	40	150	3.9%
Cook County, IL	185	4.0%	65	172	5.4%
New Castle, DE	124	2.7%	34	94	2.9%
Kanawha, WV	102	2.2%	58	131	2.8%
St. Clair, IL	101	2.2%	95	181	0.3%
Los Angeles, CA	93	2.0%	65	204	3.9%
Middlesex, MA	90	1.9%	184	361	1.4%
Middlesex, NJ	77	1.7%	42	147	2.2%
Allegheny, PA	64	1.4%	75	218	1.6%
Northampton, PA	55	1.2%	68	89	0.0%
% of Total Disease Filings Attributable to Top 15 Jurisdictions	3,654	81.8%			

Dysfunction in the Data

THE TOP 10 DEFENDANT COMPANIES NAMED ON 2015 COMPLAINTS ACCOUNT FOR **<1%** OF THE TOTAL DEFENDANT COMPANY POPULATION.

THE TOP DEFENDANT COMPANY BY FILING COUNT WAS NAMED ON **89%** OF THE **4,465** LAWSUITS FILED IN 2015.

AT LEAST ONE OF THE TOP 10 DEFENDANT COMPANIES WAS NAMED ON **99%** OF THE LAWSUITS FILED IN 2015.



SUMMARY

No matter how you slice it — by jurisdiction and disease, by plaintiffs or by defendants — KCIC's data on the asbestos litigation industry shows an extreme concentration of filings. The same defendants get sued, by the same plaintiff firms, in the same jurisdictions ... over and over and over.

Most of the companies named on a complaint likely did not contribute to the asbestos-related disease of the plaintiff. But they face a difficult choice: pay settlement dollars or prepare to prove their defense in what can be a bet-the-company trial.

Furthermore, most asbestos claims trigger many years of historical, occurrence-based general liability insurance held by the companies. As a result, multiple insurance companies get pulled in as well — not just from across the years, but within the insurance towers for each year.

Therefore, on each claim, many insurance companies become involved in, or even control, defense and settlement strategy.

This dysfunctional dynamic shows no signs of abating in 2016. KCIC will continue monitoring our data as we work with clients to improve efficiencies and outcomes in the face of this ongoing reality.

ABOUT KCIC

KCIC is a consulting firm that helps companies manage their product liabilities. KCIC partners with some of the largest corporate insurance policyholders and mass tort defendants in the manufacturing, chemicals and pharmaceuticals industries — combining consulting expertise and leading-edge technology to help clients achieve greater efficiency, clarity and insights. Named a 2016 Future 50 Award winner by Washington SmartCEO magazine, KCIC is recognized as one of the region's 50 fastest-growing mid-sized companies.

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