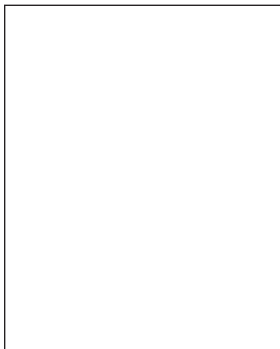


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Latent claims

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Off and on claims develop to be far more serious than could ever be expected. We call them latent claims* and the list can already today be made fairly long.

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Environmental pollution, pharmaceutical products and asbestos related diseases are examples of the so called latent claims of an older date. Newer ones are breast implants, tobacco, electromagnetic fields (EMF) and possibly sexual harassment.

A few factors unlikely to change play a significant role in the development of latent claims litigation.

Firstly the possibility of mass tort litigation is important. Secondly the courts interpretation of policy wordings against the insurers and thirdly the product liability and tort system in the USA, where most of these cases tend to originate.

For the insurers and reinsurers to be better prepared for what the future holds, it is impor-

*Claims that is a type of long tail liability where there is a time lag between occurrence and manifestation of injury or damage

tant to be constantly and closely updated on the development of relevant legislation and, where applicable, also judgemade law. The policy language is a weak spot where in the future it is necessary to be very firm. Confirm by the letter the meaning of all exclusions and thereby reduce the risk for misinterpretation.

In this article I will focus on latent claims caused by EMF and by tobacco. These two kinds of latent claims were regarded as ticking bombs by underwriters on the London market.

EMF, in short

Electromagnetic fields occur near overhead powerlines or electrical equipment. The EMF consist of two distinct components, electric fields and magnetic fields. You will find the

electric fields wherever there is an electrical charge and the magnetic ones wherever electricity flows.

For some 25 years claims have been made against powersupply companies and manufacturers of electrical equipment alleging leukaemia and other sorts of cancer caused by EMF exposure. There has however been no conclusive scientific correlation found between the illness and the EMF exposure. Some traces of evidence have nevertheless been noted.

In our reality we are today exposed to a countless number of EMF sources. To say which one is the cause of a disease is not an altogether easy task, but we can be sure plaintiffs will keep trying. Insurers and reinsurers now seem to fear that EMF induced diseases can become even more expensive than the previous asbestos induced ones.

Tobacco, in short

A rough estimate is that around 500 000 Americans die of tobacco related causes every year.

In recent years peoples awareness of the

health hazards connected with smoking have caused the tobacco industry to face a wave of litigation. To make the situation even more uncomfortable for the tobacco industry, documents showing that some manufacturers knew of the health and addiction risks already in the 1950's were released. The tobacco companies defended themselves by claiming that smokers were warned and aware of the dangers.

Now the situation is that the tobacco companies are leaning towards settlements to avoid litigation which otherwise could turn out to be devastatingly expensive.

Conclusion

The exposure to latent claims can be reduced but never fully avoided. New and more or less unpredicted claims will always occur. Just think for a moment about the increase in plastic surgery, not just breast implants but all sorts of alterations. What will happen in a few years? Or an even more frightening thought, children growing up today being exposed to the radiation from computer screens from a very early age. What will the effects be?