BUSINESS INSURANCE

CHICAGO, IL WEEKLY 52,000 FEB 8 1999



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Business Insurance, February 8, 1999 / 3

Sara Lee covered for listeria claims

Class-action suit and individual suit filed

7279 By ROBERT KAZEL

CHICAGO—Sara Lee Corp. has liability coverage for claims that may arise out of its massive recall of hot dogs and other packaged lunch meats linked to the potentially deadly listeria bacteria.

The Chicago-based manufacturer has liability coverage for claims filed in connection with cases of listeriosis associated with products shipped from its Zeeland, Mich., processing plant, a corporate spokeswoman said last week. No further coverage details were available.

A suit seeking class-action status for victims of the bacteria already has been filed, and the first individual wrongful death suit arising out of the allegedly tainted hot dogs was filed last week.

Eleven adult deaths and five miscarriages have occurred allegedly as a result of consuming tainted Sara Lee <u>lunch meats</u>, a spokesman for the U.S. Centers for Disease Control and Prevention said. More than 70 instances of death or illness have occurred in 14 states, he said.

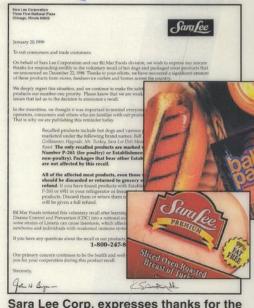
The meat, all of which was processed by Sara Lee's Bil Mar Foods unit, was voluntarily pulled from stores last December in what the company said would amount to a total recall of "a little less than 15 million pounds," the Sara Lee spokeswoman said. The meats have been sold under numerous brand names.

Sara Lee does not have recall insurance

and took a \$76 million pretax charge on its second-quarter earnings to cover recall-related costs. The company's second quarter concluded Dec. 26, 1998.

Listeria bacteria can cause severe illnesses, such as meningitis, in people with weak immune systems, including the elderly,

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Sara Lee Corp. expresses thanks for the swift response to its voluntary recall of hot dogs and packaged meat products.

Sara Lee

Continued from previous page those with HIV infection and people undergoing chemotherapy. It also can

cause miscarriages.

A Memphis, Tenn., man, John Bodnar, last week filed suit in Cook County Circuit Court in Chicago, accusing the Bil Mar plant of manufacturing listeria-contaminated hot dogs that resulted in the death of his 74-year-old wife, Helen. Mrs. Bodnar ate the hot dogs last August, became ill in October and died Oct. 19 of meningitis, according to her husband's Chicago attorney, Kenneth B. Moll.

After the recall last December, Mr. Moll filed a motion in Cook County Circuit Court seeking class-action status for those affected by Sara Lee's listeria-infected products. Mr. Bodnar's lawsuit was filed separately because he is 76 years old and time is considered of the essence. A speedier trial for his claim can be obtained outside the class action, Mr. Moll said.

The Bodnar suit does not specify damages, but attorneys likely will seek between \$500,000 and \$1 million in compensatory damages and between \$10 million and \$50 million in punitive damages, Mr. Moll said.

The suit alleges that former Sara Lee workers have told of potentially unsanitary conditions at the Bil Mar plant. According to Mr. Moll, employees who work with raw meat were allowed to enter the ready-to-eat section of the plant without changing their clothing or using foot baths, a violation of customary sanitary procedures.

Sara Lee would not comment on the pending litigation.

The spokeswoman also would not comment on press reports that an air conditioning refurbishing project at the Zeeland plant last summer could have caused the contamination. The spokesman for the CDC said the possibility of airborne germs spread by the air conditioning project is "just one thing we are looking at."

Until the precise cause of the Bil Mar listeria outbreak is determined, several classes of meat production are now being removed from the Zeeland plant, the spokeswoman said. The production of retail frankfurters, sliced luncheon meat and some bulk meats will be turned over to other Sara Lee facilities and to affiliated outside plants.

As a result, 241 of the Zeeland plant's 1,600 workers will be laid off. These workers will be offered early retirement, two months' severance pay or, in some cases, job placement in other Sara Lee factories. After new meatpacking technology is introduced into the plant, it is hoped that these product lines will be returned to Zeeland and the jobs restored, the spokeswoman said.

Southfield, Mich.-based Thorn Apple Valley Inc., another retail food manufacturer, on Jan. 22 recalled 30 million pounds of hot dogs and delicatessen meats marketed under a variety of brands and shipped nationwide and to Russia and South Korea.

The company shut down its plant in Forrest City, Ark., after internal testing detected the presence of the listeria bacteria. The plant remains closed. The recall was voluntary, and no illnesses have yet been linked to any Thorn Apple Valley products, a spokesman said.

The Thorn Apple Valley recall is thought to be the largest recall of meat in U.S. history. The spokesman said company executives believe Thorn Apple Valley is "adequately covered" for potential litigation but declined to elaborate.