

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

**TRAVELERS INC**

CIK: **831001** | IRS No.: **521568099** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
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Business Address  
*65 E 55TH ST*  
*NEW YORK NY 10022*  
*2128918900*

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) March 1, 1994  
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The Travelers Inc.

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(Exact name of registrant as specified in its charter)

Delaware	1-9924	52-1568099
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

65 East 55th Street, New York, New York 10022

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(Address of principal executive offices) (Zip Code)

(212) 891-8900

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(Registrant's telephone number, including area code)

THE TRAVELERS INC.  
Current Report on Form 8-K

Item 5. Other Events.

The Travelers Inc. (the "Company") has filed a registration statement with the Securities and Exchange Commission, to register for sale certain securities of the Company held by American Express Company. In order to update the information incorporated by reference into that registration statement, as well as the Company's other shelf registration statements, the Company is including in this Current Report on Form 8-K the following information regarding legal proceedings, which otherwise would be filed as part of the Company's Annual Report on Form 10-K for the year ended December 31, 1993.

By virtue of the merger on December 31, 1993, of The Travelers Corporation ("old Travelers") with and into the Company (the "Merger"), the Company has succeeded to the liabilities of old Travelers. Old Travelers or its subsidiaries are involved in the following pending matters.

As previously disclosed by the Company, in response to the announcement in September 1993 of the merger between the Company and old Travelers, a number of purported class action lawsuits were filed in state court in Connecticut and New York against old Travelers, its directors and the Company and certain of its directors. For information concerning these cases, see the description that appears in the last paragraph on page 2 and the first two paragraphs on page 3 of the Company's Current Report on Form 8-K dated September 23, 1993, and the third paragraph on page 26 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1993, which descriptions are incorporated by reference herein. A copy of the pertinent paragraphs of such filings is included as Exhibit 99.01 to this Form 8-K. These cases are now consolidated in Connecticut in a case entitled Robert Brandt, IRA, et al. v. The Travelers Corporation, et al. The consolidated amended complaint generally seeks damages on behalf of shareholders of old Travelers based on the alleged inadequacy of the merger consideration offered by the Company under the terms of the merger agreement. In January 1994, the defendants filed a motion to dismiss the case based on, among other things, Connecticut law limiting claims by dissenting shareholders to statutory appraisal rights.

In a case entitled United States v. Travelers Insurance

Co., filed in the United States District Court for the District of Connecticut in April 1989, the federal government alleges that old Travelers improperly handled health benefit claims for individuals who are actively employed and eligible for Medicare coverage. In November 1992, the Court ruled on cross motions for summary judgment, and found that old Travelers had no liability for actions taken in its capacity as a claims administrator. However, the Court also recognized that the government's right of

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recovery is independent of the rights of the insured, and is not governed by procedural limitations in the plans.

In a case entitled *The Travelers Insurance Company et al. v. Richard John Ratcliffe Keeling et al.*, filed in New York Supreme Court in June 1991, old Travelers seeks to enforce reinsurance contracts with certain underwriters at Lloyd's of London with respect to recoveries for certain asbestos claims. In January 1994, the Court stayed litigation of this matter in favor of arbitration. The issues before the arbitration panel include the underwriters' breach of contract and anticipated breach of their agreement with the Company on asbestos-related reinsurance claims.

Certain of the subsidiaries that the Company acquired in the Merger are involved in defending against claims asserting alleged injuries and damages from asbestos and other hazardous and toxic substances. For additional information with respect to these claims, reference is made to the discussion of asbestos and environmental litigation contained on pages 27 through 30 of the Quarterly Report on Form 10-Q of old Travelers for the fiscal quarter ended September 30, 1993, which discussion is incorporated by reference herein. A copy of the pertinent part of that filing is included as Exhibit 99.02 hereto.

The Securities and Exchange Commission (the "Commission") has been conducting a nonpublic inquiry pursuant to an order of investigation with respect to old Travelers' accounting, reporting and disclosure treatment of certain matters in connection with its lending and loss recognition practices

pertaining to real estate investments and related matters going back to January 1, 1988. The Company is cooperating fully with the Commission's staff.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits.

Exhibit No. -----	Description -----
99.01	The last paragraph on page 2 and the first two paragraphs on page 3 of the Company's Current Report on Form 8-K dated September 23, 1993, and the third paragraph on page 26 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1993.
99.02	Pages 27 through 30 of the Quarterly Report on Form 10-Q of old Travelers for the fiscal quarter ended September 30, 1993.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

By: /s/ Charles O. Prince, III

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Charles O. Prince, III  
Senior Vice President

EXHIBIT INDEX

Exhibit No.

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99.01           The last paragraph on page 2 and  
the first two paragraphs on page 3  
of the Company's Current Report on  
Form 8-K dated September 23, 1993,  
and the third paragraph on page 26  
of the Company's Quarterly Report  
on Form 10-Q for the fiscal quarter

ended September 30, 1993.

99.02

Pages 27 through 30 of the  
Quarterly Report on Form 10-Q of  
old Travelers for the fiscal  
quarter ended September 30, 1993.

Primerica Corporation  
Current Report on Form 8-K  
dated September 23, 1993

Last paragraph on page 2  
and first two paragraphs on page 3

On September 22, 1993, Primerica and TC [The Travelers Corporation] issued a joint press release announcing that they were engaged in discussions concerning a possible business merger. On that day, complaints with respect to seven purported class actions were filed in the Connecticut Superior Court for the Judicial District of Hartford at Hartford/New Britain, generally naming TC, Primerica and the individual directors of TC as defendants. On September 23, 1993, complaints with respect to six purported class actions were filed with that court and two actions were brought in the Connecticut Superior Court for the Judicial District of New Haven at New Haven, and on September 24, 1993, four such complaints were filed, two in the Superior Court for the Judicial District of Hartford and two in the Superior Court for the Judicial District of New Haven. Primerica was named as a defendant in all but two of these nineteen actions. It is possible that additional actions of this nature may be filed.

Each of the plaintiffs in these cases alleges, among other things, that (i) such plaintiff is a holder of TC stock; (ii) the defendants have by their wrongful acts deprived the plaintiffs of the opportunity to maximize the value of their TC Common Stock; (iii) the individual defendants have, as directors of TC, breached their fiduciary duties of good faith, fair dealing, due care and candor to the public stockholders of TC; and (iv) that the exchange ratio of Primerica Common Stock for TC Common Stock contemplated by the Merger is grossly inadequate and unfair.

The plaintiffs request, in each case, certification of the action as a class action and of the plaintiffs as class representatives, and seek relief in various forms, including: declaratory judgment that the defendants have breached their fiduciary duties to the plaintiffs and other members of the class of TC's shareholders; an order that the defendants take appropriate measures to assure an open and vigorous auction for TC; to maximize shareholder value; preliminary and permanent



injunctive relief against the defendants' proceeding with the merger, or alternatively if the merger shall be consummated, its rescission; compensatory damages, costs and counsel fees for the plaintiffs; and/or such other relief as the court may deem just and equitable.

Primerica Corporation  
Quarterly Report on Form 10-Q  
for the quarter ended 9/30/93

Third paragraph on page 26

For information concerning purported class action lawsuits arising from the announcement of the proposed merger between the Company [Primerica Corporation] and Travelers [The Travelers Corporation], reference is made to the description that appears in Item 5 of the Company's Current Report on Form 8-K dated September 23, 1993. Since the filing of that report, one additional purported class action suit arising from the announcement of the proposed merger has been brought in the New York State Supreme Court.

Environmental Claims

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For environmental claims, as a result of various state and federal regulatory efforts aimed at environmental remediation (particularly "Superfund"), the insurance industry has been, and continues to be, involved in extensive litigation involving policy coverage and liability issues. The anticipated reauthorization of Superfund in 1994 may have some effect on the resolution of these issues, but it is not possible at the present time to determine what the potential impact, if any, will be. In addition to the regulatory pressures, certain court decisions have expanded insurance coverage beyond the original intent of the insurer and insured, frequently involving policies that were issued prior to the mid-1970s. The results of court decisions affecting the industry's coverage positions continue to be inconsistent. Accordingly, the ultimate responsibility and liability for environmental remediation costs remain uncertain.

Travelers is part of the industry segment affected by these issues and continues to receive claims alleging liability exposures arising out of insureds' alleged disposition of toxic substances. The review of environmental claims includes an assessment of the probable liability, available coverage, judicial interpretations and historic value of similar claims. In addition, the unique facts presented in each claim are evaluated individually and collectively. Due consideration is given to the many variables presented in each claim, such as: the nature of the alleged activities of the insured at each site; the allegations of environmental damage at each site; the number of sites; the total number of potentially responsible parties at each site; the nature of environmental harm and the corresponding remedy at a site; the nature of government enforcement activities at each site; the ownership and general use of each site; the willingness and ability of other potentially responsible parties to contribute to the cost of the required remediation at each site; the overall nature of the insurance relationship between

Travelers and the insured; the identification of other insurers; the potential coverage available, if any; the number of years of coverage, if any; and the applicable law in each jurisdiction. Analysis of these and other factors on a case-by-case basis results in ultimate reserve assessment.

To date, Travelers has been successful in its coverage litigation and continues to reduce its potential exposure through favorable settlements with certain insureds. These settlement agreements with certain insureds are based on the variables presented in each piece of coverage litigation.

Generally the settlement dollars paid in disputed coverage claims are a percentage of the total coverage sought by such insureds. In addition, with respect to many of the environmental claims there is a "buy-back" of future environmental liability risks by Travelers, together with appropriate indemnities and hold harmless provisions to protect Travelers.

The following table displays activity for environmental losses and loss expenses and reserves for the nine months ended September 30, 1993 and 1992. Approximately 10% of the net environmental loss reserve (e.g. approximately \$35 million) is case reserve for resolved claims. Travelers does not post case reserves for environmental claims in which there is a coverage dispute. The remainder of the reserve is for: i) claims in which coverage is in dispute and ii) unreported environmental losses.

Environmental Losses

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(in millions)

	1993	1992
	----	----
Beginning reserves:		
Direct	\$ 194	\$170
Ceded	-	-

	-----	-----
Net	194	170
Incurred losses and loss expenses:		
Direct	183	56
Ceded	(14)	(2)
Losses paid:		
Direct	48	33
Ceded	(11)	(2)
	-----	-----
Ending reserves:		
Direct	329	193
Ceded	(3)	-
	-----	-----
Net	\$ 326	\$ 193
	=====	=====

The reinsurance claim for environmental losses has been relatively minor due to the allocation of the favorable settlement amounts over the appropriate policy years.

The industry does not have a standard method of calculating claim activity for environmental losses. Generally, for environmental claims, Travelers establishes a claim file for each insured on a per site, per claimant basis. If there is more than one claimant, e.g., a federal and a state agency, this method will result in two claims being set up for a policyholder at that one site.

Travelers adheres to its method of calculating claim activity on all environmental-related claims, whether such claims are tendered on primary, excess or umbrella policies.

As of September 30, 1993, Travelers had approximately 8,900 pending environmental-related claims and had resolved over 11,700 such claims since 1986. Approximately 75% of the pending environmental-related claims are property damage claims instituted by governmental agencies, seeking remediation of contaminated property. The balance represents bodily injury claims alleging injury due to the discharge of insureds' waste or pollutants.

#### Asbestos Claims

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In the area of asbestos claims, the industry has suffered from judicial interpretations that have attempted to

maximize insurance availability from both a coverage and liability standpoint far beyond the intentions of the contracting parties. These policies generally were issued prior to the 1980s. Originally the cases involved mainly plant workers and traditional asbestos manufacturers and distributors. However, in the mid-1980s, a new group of plaintiffs, whose exposure to asbestos was less direct and whose injuries were often speculative, began to file lawsuits in increasing numbers against the traditional defendants as well as peripheral defendants who had produced products that may have contained small amounts of some form of encapsulated asbestos. These claims continue to arise and on an individual basis generally involve smaller companies and small limits of potential coverage. As a result, state and federal court dockets became clogged with asbestos cases. This backlog has given rise to various efforts, including the consolidation of federal cases in Philadelphia in 1993 to alleviate the congestion. More recently, there have emerged a group of non-product claims by plaintiffs, mostly independent labor union workers, mainly against companies, alleging exposure to asbestos while working at these companies' premises. In addition, various insurers, including Travelers, remain defendants in a widely publicized action brought in Philadelphia regarding potential resolution of future asbestos bodily injury claims. The cumulative effect of these judicial actions on Travelers and its insureds currently is uncertain.

As a result of recent developments in asbestos litigation, various classes of asbestos defendants, e.g., major product manufacturers, peripheral and regional product defendants as well as premises owners, are tendering asbestos-related claims to the industry. The industry is responding to the various additional liability and coverage issues presented by each insured. Since each insured presents different liability and coverage issues, Travelers evaluates those issues on an insured-by-insured basis.

Travelers evaluations have not resulted in any meaningful average asbestos defense or indemnity payment. The varying defense and indemnity payments made by Travelers on behalf of its insureds has also precluded Travelers from deriving any meaningful data by which it can predict whether its defense and indemnity payments for asbestos claims (on average or in the aggregate) will remain the same or change in the future.

The following table displays activity for asbestos losses and loss expenses and reserves for the nine months ended September 30, 1993 and 1992. Approximately 80% of the net asbestos reserves at September 30, 1993 represented incurred but not reported losses.

Asbestos Losses  
(in millions)

	1993	1992
	----	----
Beginning reserves:		
Direct	\$ 425	\$ 395
Ceded	(247)	(220)
	-----	----
Net	178	175
 Incurred losses and loss expenses:		
Direct	409	87
Ceded	(193)	(43)
Losses paid:		
Direct	65	51
Ceded	(15)	(15)
	-----	----
Ending reserves:		
Direct	769	431
Ceded	(425)	(248)
	-----	----
Net	\$ 344	\$ 183
	=====	=====

It is presently anticipated that future reinsurance billings for asbestos will be \$425 million, with 33% going to the domestic and 67% to the foreign reinsurance markets. This current estimate is based on a review of each insured's projected asbestos exposure and policies, as well as Travelers reinsurance contracts.

In relation to those asbestos and environmental-related claims, Travelers carries on a continuing review of its overall position, its reserving techniques and reinsurance recoverable. In each of these areas of exposure, Travelers has endeavored to litigate individual cases and settle claims on favorable terms. Given the vagaries of court coverage decisions, plaintiffs' expanded theories of liability, the risks inherent in major litigation and other uncertainties, it is not presently possible to quantify the ultimate exposure represented by these claims to

Travelers financial condition, results of operations or liquidity. As a result, Travelers expects that future earnings may be adversely affected by environmental and asbestos claims, although the amounts cannot be reasonably estimated.