

Fifteenth edition of Eurosif indicators for environmental and social performance of international companies, in partnership with five European newspapers

Operators and manufacturers prefer to remain discreet

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Are cell phones dangerous? The hopes of those who claim this to be true, as well as those who deny it, are likely to be dashed by the publication of the epidemiological Interphone study in the coming weeks.

Launched in 2000, this study was carried out in thirteen countries under the direction of the International Agency for Research on Cancer (IARC) to determine to what extent brain tumours could be linked to electromagnetic fields (EMF) emitted by cell phones. However, in examining some of the results already made public, experts do not seem to be able to make a clear decision one way or another, which explains the many delays in publishing the final report that was first set to be released in 2003.

Companies in the sector must wait before knowing which position to take with regards to what could be as much a sanitary disaster comparable to asbestos as a false alarm. There are hopes that the main points will be communicated to the general public with tact and transparency so as not to frighten the consumer or the investor.

Following the principle of precaution, European regulations have already limited the specific absorption rate (SAR, in watts per kilogram – W/kg) authorised at 2W/kg – the lower the SAR is, the weaker the emissions are resulting in a lower overall health risk.

The only available comparative study, on the website guerir.fr, indicates that the average SAR for products varies from 0.70 to 0.94 according to manufacturers, based on their technical documents. However, observes Arnaud Hermann, a consultant in the sustainable development department at Ernst&Young, “no manufacturer publishes a ranking of their products based on the SAR – and no operator publishes a map of the emissions caused by their relay antennas”.

Of course, manufacturers such as Nokia or Motorola, and operators such as Bouygues and SFR, have created websites or brochures to specifically address the EMF or SAR related to their products, but it is always separate from sales information for these same products.

Only two manufacturers publish “recommended use” guidelines (pertaining to children for example) which are advocated by health authorities. Most operators claim they measure the EMF emitted by their relay antennas, but only for their stakeholders (associations, local groups, etc.) who specifically request such information.

Antoine Reverchon

DATA

The current data has been collected by Ernst&Young between June and August 2008. The data concerns the six main global cell phone manufacturers and cell phone operators (based on sales figures) for each of the following geographic zones: France (three operators), Europe outside of France (four operators), United States (two operators), and Asia (two operators).

Limited information on cell phone waves				
<u>Information on risks linked to cell phones</u>				
	↓	↓		
Companies	For the client ⁽¹⁾ (A)	Institutional communication ⁽²⁾ (B)	Communication ⁽²⁾ on risks linked to relay antennas (C)	Information ⁽²⁾ on implication in research (D)
Manufacturers				
LG (South Korea)	0	0	-	0
Motorola (USA)	1	1	-	1
Nokia (Finland)	0	1	-	1
Sagem (Safran) (France)	2	0	-	1
Samsung (South Korea)	2	0	-	1
Sony Ericsson (Japan-Sweden)	3	1	-	2
Operators				
AT &T (USA)	0	0	0	0
Bouygues Telecom (France)	3	3	2	1
China Mobile (China)	0	1	2	0
Deutsche Telekom (Germany)	3	2	2	1
NTT DoCoMo (Japan)	0	2	1	1
Orange (France)	3	4	3	1
SFR (France)	3	3	2	2
Telecom Italia (Italy)	1	4	1	1
Telefonica (Spain)	1	3	2	0
Verizon (USA)	3	1	0	0
Vodafone (UK)	1	4	1	2
<p>(1) French sales website for manufacturers/from the country where initially located for operators. (2) Institutional website/"sustainable development" report. A - 0: No information available, neither on SAR (specific absorption rate measuring the level emitted) nor on recommended use guidelines; 1: Recommended use guidelines; 2: SAR level listed as part of product description; 3: Recommended use guidelines and SAR level listed as part of product description. B - 0: Subject not addressed; 1: Subject addressed; 2: Qualitative objectives; 3: Performance indicators; 4: Quantitative objectives followed by progress indicators. C - 0: Subject not addressed; 1: Subject addressed; 2: Voluntary information/consultation projects; 3: Indicator calculated based on the number of measures of voluntary fields. D - 0: No information; 1: Implication in research; 2: Indication on amounts given to research.</p>				
Source : Ernst & Young, based on information published by companies				

Jean-Luc Besson, chief risk officer at Scor: “The risk linked to cell phone waves is still uninsurable”

Why did a family sue Bouygues Telecom on September 17th for “administration of harmful substances”, blaming one of the operator’s relay antennas? Can cell phone companies protect themselves against the risks of the emergence of diseases linked to their activity?



The sanitary risk linked to electromagnetic fields (EMF) is currently uninsurable, except for a few rare exceptions. When the risks are negligible – locations that are far from local populations with a radiance that can be measured – companies can obtain insurance.

Generally there are two steps in this type of situation. The first is that of “suspicion”, when scientists evoke the possibility of a health risk. The reinsurers, thanks to their global network, are normally the first to become interested in these “emerging” risks. However to calculate the price of this type of risk for a company, the insurer must have specific data, such as the link between the number of people exposed and the number of those who develop a disease; the number of those who develop a disease and manage to prove there is a link between the EMF and their disease in court, the average amount of damages paid, etc. The insurer must wait until the law and jurisprudence specify the type of proof required and the conditions for compensation.

This is not the first time that manufacturers and insurers are faced with this type of situation, for example there is asbestos. How do you go from exclusion to insurability?

For insurers, asbestos was a type of crash course in management skills for emerging risks. Traditionally, “civil responsibility” contracts are based on “event causing” damages. However linking cancer to asbestos is not easy as it is based on the length of time the person was exposed, the existence of other factors, the characteristics of the individual, etc. (as will most likely be the case for EMF). In addition, the fact that the damage can appear years after exposure restricts current calculations.

The reinsurers have thus come up with a new type of contract for companies based on the “date of the complaint”: the insurer covers all damages declared in a given year, without requiring a horde of experts to research the exact date to which the claim refers to. This also allows them to complete their accounts based on a defined range. The risk linked to asbestos is now better defined and has been the object of rigorous legislation in several countries, but it represents hundreds of thousands of dollars paid out in damages funded by the insurers.

What other emerging risks concern you?

We detect these from three sources. First, our teams around the world pay close attention to scientific and medial publications; secondly, they follow local jurisprudence in the largest countries; and finally, they analyse the appearance of new risks pointed out by our subscribers. It is not just random that the reinsurers were among the first to sound the alarm on climate change risk!

Certain emerging risks, such as obesity, force us to look at the insurability of certain types of agro alimentary companies. However these are risks that we should be able to manage with true public policy and a general increase in awareness of public opinion – just like the EMF related risks can be limited by precautionary guidelines for use of cell phones. However, the risks for nanotechnologies will be much more delicate to manage, because they are present in all industries, which makes exclusion impossible and difficult to say who is responsible. As for health and legal data, they are still very limited.

Interview conducted by Antoine Reverchon

CV

2008 Jean-Luc Besson is chief risk officer of the Scor reinsurance group since 2004.

2003 He is named director of actuaries at Scor.

1985 He is director of studies, statistics and information systems at the French Federation of Insurance Companies (FFSA).