

FILE NAME: Insurance Industry (INS)

DATE: 1938 Oct 27

DOC#: INS043

DOCUMENT DESCRIPTION: Article from The National Underwriter - Workmens' Compensation

indemnify the company for losses in excess of \$10,000 on automobile bodily injury up to the limits of \$5/290,000.

It has a reinsurance agreement with Seaboard Surety on a facultative basis covering surety bonds only. In addition, reinsurance is placed on a facultative basis with the Aetna Casualty, Ocean Accident and Excess on fidelity and surety.

Allied Mortgage Bonds Will Now Be Retired

BALTIMORE—At a meeting of the directors of the United States Fidelity & Guaranty, it was decided to place its subsidiary, Allied Mortgage Companies, in position to call in for retirement, at par, plus accrued interest, Dec. 1, which is the next interest date, the entire remaining outstanding issue of bonds, amounting to \$3,162,000. These bonds

were issued by the Allied Mortgage, as part of an issue of \$55,977,000 on Dec. 1, 1933, payable Dec. 1, 1953, and were guaranteed as to principal and interest by the U. S. F. & G.

Of the original issue, the mortgage company already has retired \$2,815,000 through the liquidation of a portion of the collateral security. It is understood that no action is contemplated with reference to the debentures issued by the Associated Mortgage with respect to which the U. S. F. & G. has only a contingent liability for the payment of interest thereon.

Pennsylvania Casualty Report

The Pennsylvania department report on the Pennsylvania Casualty of Lancaster, Pa., as of July 1 shows assets \$938,529, premium reserve \$356,386, claim reserve \$200,700, capital \$200,000, net surplus \$100,693, income first six months \$656,903, disbursements \$227,429.

WORKMEN'S COMPENSATION

Revise Rejected Risk Plan in New Jersey

A revised rejected risk plan for workmen's compensation was adopted by the Compensation Rating & Inspection Bureau of New Jersey and approved by the insurance department, effective Nov. 1. Basic principles were not modified but attempt was made to correct defects discovered since the plan went in effect in April, 1932.

The revised plan is applicable to all employers entitled to compensation who are unable to obtain protection and have not failed to pay their compensation premiums in the last three years. Written application must be made to the bureau accompanied by evidence of inability to obtain coverage, including written rejections by at least three qualified companies. The bureau then will designate a carrier and notify it and the employer. The risks will be distributed by the bureau among carriers on the basis of their compensation and employers' liability premium income in New Jersey, the assignments being governed by exclusions under reinsurance agreements, treaties or contracts filed by individual carriers. The companies may appeal for relief from an assignment but may not withhold or delay issuing policy pending appeal.

Rules Affecting Carriers

Carriers when designated must make available immediately to employers a policy effective not more than five days after date of assignment provided the employer pays the premium. If the premium is not paid within that time the company may withhold insurance until the day following payment. Policies will be issued for one year unless the employer requests a short term policy, and will be subject to rules, rates, minimum premiums and classifications in the manual.

An adequate rate agreement may be negotiated with the employer if the company considers the rates or minimum premiums inadequate. If employer and carrier cannot reach an agreement the company may ask hearing before the bureau's governing committee, the employer attending. Final power in approving rates in such cases rests with the committee.

If the insurance company wants to be relieved of an assigned risk it must notify the bureau not less than 60 days before expiration, when the bureau will assign a new carrier. If a company other than the one to which the risk was assigned desires to carry it, it may take over the liability at any time and the assigned carrier may cancel pro-rata. The company has the right to cancel with approval of the governing committee if unusual or unexpected cir-

cumstances occur. Default in payment of premium when due is deemed lack of good faith, and if a policy is canceled for this reason a risk will not again be assigned until the bureau is satisfied the employer is entitled to insurance.

Companies to belong to the bureau must file formal acceptance of the assigned risk plan, and also a record of classes of risks which are excluded by its reinsurance agreements, treaties or contracts.

Massachusetts Hearing Is Held on Compensation

BOSTON—The Massachusetts legislature's special recess commission investigating the workmen's compensation act with special reference to coverage for silicosis and other special hazards, held its opening hearing, which was taken up largely by representatives of labor. "A state fund for workmen's compensation to injured employees is inevitable" said Samuel Horovitz, counsel for the Massachusetts Federation of Labor on compensation matters. He declared state funds operate at a cost of 7 percent, while in Massachusetts the insurance companies are permitted an overhead of 61 percent and a loading factor of 97 percent.

Representative J. P. Donnelly of Lawrence assailed the "impartial" doctors hired by the industrial accident board to examine injured workmen. Too often, he said, they send in reports stating a man is able to return to work when mere observation shows the workman is unable to do a day's work.

Carl W. Johnson of a Boston industrial insurance research firm urged the passage of a compulsory workmen's compensation law in Massachusetts with a self-insurance provision. He suggested a plan for insurance companies to divide the risk so as to solve a "quasi-public problem to cover silicosis in the granite industry."

E. E. Clark, for seven years a member of the state industrial accident board, urged a provision so that insurance companies cannot disclaim responsibility for payment when the onset of the disease is in doubt and they have not carried the risk beyond that point.

Kenneth I. Taylor, legislative agent of the state federation of labor, claimed estimates showed injured workers get only 30 cents of the premium dollar. Mr. Taylor said insurance companies should be compelled to take the bad with the good risks. He stated the Massachusetts Federation of Labor will sponsor a state fund compensation bill in the next legislature.

L. P. Henry of the American Mutual Liability denied insurance companies discriminate against workers because of old age. He said the insurance problem in the granite industry could be solved by reducing the benefit to be obtained by the injured worker. He claimed there

was a doubt as to the constitutionality of the compulsory nature of the workmen's compensation law as proposed by the state federation of labor

YOUR CLIENTS AND PROSPECTS WANT THE NEW POLICY

There's a lot of good business among banks, financial institutions, houses, because the new policy introduced by Indemnity, affords need and could not get before damage to or destruction of money. Form 2 covers Valuable Papers and securities. Get the facts on business.

CAPITAL \$1,000,000
CASUALTY
FIDELITY
SURETY



Indemnity Insurance
of North America

PHILADELPHIA

We are anxious to assist the Agent or broker in securing coverage for unusual risks.