FILE NAME: Insurance Industry (INS)

DATE: 1936

DOC#: INS020

DOCUMENT DESCRIPTION: Article from The Eastern Underwriter - O.D. Rules and Rates Approved by Sup't Pink

CASUALTY AND SURETY

Appellate Division Accepts Bid of C. I. T. for Nat'l Surety Stock Control

Reverses Valente Decision in New York Supreme Court That Company Be Sold on 70% Basis to Bancamerica-Blair Corp.; Prevailing Opinion by Justice Glennon

[illegible] suspense the Commercial [illegible] Trust Corp., 1 Park Ave[illegible] New York, highest bidder for the [illegible] control of National Surety Corp. [illegible] 100% basis, won this control on Tuesday as a result of the 3-2 de[illegible] Tuesday of the Appellate [illegible] Supreme Court in de[illegible] stock should go [illegible] Appellate Division reversed the [illegible] Justice Louis A. Valente [illegible] who rejected the [illegible] $10,031.76 [illegible] $10.31 a [illegible] by Superintendent Pink, and [illegible] the sale of 70% of the [illegible] 70,000 shares, to Bancam[illegible] Corp. for $10.[illegible]0 per share. [illegible] Bancamerica-Blair counsel [illegible] appeal of the decision [illegible] Court of Appeals.

[illegible] opinion was by Justice Ed[illegible] Glennon and it was supported by Justices John V. McAvoy and Alfred [illegible] Presiding Justice Francis [illegible] and Justice James O'Malley dis[illegible] so much of the opinion as [illegible] the acceptance of the C.I.T. bid.

[illegible] neither C.I.T. officials or the National Surety Corp. had any an[illegible] to make this week it is [illegible] known that sale of the com[illegible] C.I.T. will mean no change in [illegible] management. It is not [illegible] the National Surety in the casualty business or to guarantee [illegible] The C.I.T. publicly announced [illegible] that it was bidding for the National Surety as an invest[illegible] still holds good.

Clear-Cut Decision by Justice Glennon

[illegible] clear-cut opinion by Justice Glennon [illegible] expressed that [illegible] might to substi[illegible] for that of Superin[illegible] Pink who had recommended [illegible] the C.I.T. bid. Justice [illegible] forth that the question [illegible] "I have been determined at [illegible] whether or not the Superin[illegible] in recommending [illegible] bid for the stock of the [illegible] Corp., determined is [illegible] calculated to obtain [illegible] He declared: "The [illegible] were accorded a full [illegible] opportunity to comply with the [illegible] of the proposal which [illegible] without dissent by any of the [illegible] interest."

In [illegible] wrote that the Insur[illegible] "was actuated by [illegible] than to see that the best [illegible] of the creditors and the [illegible] holders were safeguarded [illegible] the approving or disap[illegible] acceptance of the bid of [illegible] entered the order [illegible]

[illegible] find anything in Section [illegible] Insurance Law," continued [illegible] which gave the court [illegible] and enter the [illegible] The result of what the [illegible] was to substitute its [illegible] for that of the Superintend[illegible] a procedure was not even [illegible] by the Legislature in [illegible] Statute."

Sup't Not Compelled to Hold Stock for a Rise

Justice [illegible] observed that Jus[illegible] rejected the C.I.T. bid, "not on the ground that it was inadequate, but because he believed it in the best interest of creditors that not more than 70% of the stock be sold at this time."

"We are not unmindful of the fact," continued the prevailing opinion, "that the National Surety Corporation is a going concern and has shown considerable earning power. Nevertheless, we do not believe the discretion of the Superintendent of Insurance should be interfered with upon the theory that sometime in the future the property of the corporation may become more valuable than it was on March 9.

"We do not believe that an officer charged with the responsibility of liquidating the property of any of the companies over which he has jurisdiction should be compelled to hold the stock for a particular period of time under the unsettled conditions which exist at the present day. * * *

"Public confidence requires that an officer, who has charge of the sale of large properties, shall be permitted to accept the honest and adequate offer of the highest bidder where, as here, all investors had a fair chance to compete. We believe the bid was adequate and that the recommendation of the Superintendent should have been approved."

Dissenting Opinion

In the dissenting opinion, Justice O'Malley said that virtually every creditor of the corporation had opposed the acceptance of the C.I.T. bid and that experts had estimated the average value of the stock at $13,000,000.

"The experts representing creditors and stockholders also testified, Justice O'Malley pointed out, that the end of this year would be a better time to determine the value of the stock, which is composed of 100,000 shares. Justices O'Malley and Martin expressed the belief that the postponement of the sale would involve no risk to creditors. They agreed that the Bancamerica-Blair bid should be rejected and the C.I.T. bid as well.

Max D. Steuer, famed attorney, represented the C.I.T. before both Justice Valente in Supreme Court and before the five justices in the Appellate Division where the case was argued several weeks ago.

The first reaction to the decision came from William B. Joyce, former chairman of the National Surety and for forty years its chief executive, who stated that the C.I.T. had a "great bargain in the wonderful machine he created remains intact."

LOS ANGELES A. & H. CLUB

The Accident & Health Managers Club of Los Angeles held its regular monthly luncheon-meeting June 16 at the Rosslyn Hotel, with Vice President C. H. Thrift presiding in the absence of President F. F. Hanson. The speaker of the day was Ed J. Lawrence, general agent Federal Life & Casualty, charter member and a past president of the club. In a brief talk he reviewed the growth and development of the club. He also paid tribute to accident and health insurance, based on the service it renders to the public.

O. D. Rules and Rates Approved by Sup't Pink

APPLY TO ENTIRE PAYROLL

Changes Became Effective June 6; Explain When Specific O. D. Rates May Be Removed or Modified

Rules and rates for compensation risk classifications subject to specific dust hazards under the new O. D. amendment to the workmen's compensation law have been approved by L. L. Pink, Superintendent of Insurance of New York. They became applicable to all policies in force on June 6, 1936, and also to policies effective on and after that date. Released this week by the Compensation Insurance Rating Board, these rules and rates, the latter indicating a welcome downward trend, were received with keen interest by underwriters and producers. Perhaps attracting the greatest attention were the following data.

How Rates Are Applied

Explaining the new rates the bulletin read in part:

". . . Except as otherwise provided in this section these rates must be applied, in addition to the basic rate, to the entire payroll of all employes, including maintenance and general labor, subject to the classification and in addition to the entire payroll of all employes subject to any other classification whose duties regularly require their presence in rooms or departments which are not in separate buildings or on separate floors or separated by solid partitions from any and all departments where any dust hazard to which the specific occupational disease rate applies exists. Any openings in such partitions shall be kept closed at all times except while being used for entrance or egress."

Premiums

The premium for the policy, the bulletin says, shall consist of two parts:

(a) An amount determined in accordance with the general rules of the manual by applying the basic rates shown on the New York rate sheets to the corresponding payrolls.

(b) An amount determined in accordance with the general rules of the manual by applying the rates shown in the table of specific occupational disease rates to the corresponding payrolls.

Minimum Premiums. The minimum premiums shown in the table of specific occupational disease rates are additional minimum premiums which are to be added to the minimum premium for the corresponding classifications shown on the New York rate sheets. The general rules of the manual relating to minimum premiums apply to the total minimum premiums thus determined. For policies where the rates are modified in accordance with paragraphs 7 or 8, the additional O. D. minimum premium shall be adjusted accordingly.

The sections devoted to removal of specific O. D. rate and modification of

(Continued on Page 42)

Concer[illegible] Paid [illegible]

CLAIM [illegible]

Max A. [illegible] Head, Ha[illegible] Rep[illegible]

The bu[illegible] tions [illegible] York [illegible] this week [illegible] of the [illegible] which was [illegible] order in [illegible] approximate [illegible] claims [illegible] which [illegible] involve [illegible] $130,000.

The hold[illegible] out of [illegible] a first di[illegible] itors will [illegible] tribution [illegible] dend rate [illegible] bution of [illegible] posit requ[illegible] business [illegible] "deposited [illegible] protection of [illegible] holders of [illegible] portion of a[illegible] ance claims [illegible] posit perm[illegible] idend, which [illegible] the allowa[illegible] the gener[illegible]

Superinte[illegible] Pink as liq[illegible] with the S[illegible] County [illegible] and pendin[illegible] the compan[illegible] 1936 [illegible] volving bala[illegible] claims [illegible] time amoun[illegible] claims paid [illegible] the Supr[illegible] lowance [illegible] 153 and [illegible] ed claims [illegible] $608,107.

[illegible] confir[illegible] port to the [illegible] enthaler [illegible] of addition[illegible] tion of the [illegible] The [illegible] handled by [illegible] special depu[illegible] of the bure[illegible] assistan[illegible] with Walte[illegible] for the [illegible]

RANDALL [illegible]

The addre[illegible] ing plan [illegible] Travel[illegible] cent annua[illegible] American [illegible] been appro[illegible] demand for[illegible]

"Firing Line"

[illegible] Production

[illegible] Launched Sept. 17

[illegible] committee will report to [illegible] at an early date. [illegible] working on a [illegible] meeting announcement [illegible]. The advertising [illegible] and [illegible] distribution will be [illegible] future.

[illegible] on brokers' activities [illegible] to the importance of [illegible] the cooperation of insurance [illegible] that this [illegible] done by asking each member [illegible] members [illegible] purposes of the cam[illegible] [illegible] who comes [illegible] several months will [illegible] campaign and will be [illegible] and [illegible] take [illegible]

[illegible] 70TH ANNIVERSARY

[illegible] Steam Boiler Also Holds An[illegible] as Conference; President [illegible] Reviews History of Company

[illegible] the home [illegible] Steam Boiler In[illegible] [illegible] this week as [illegible] anniversary of [illegible] the annual gath[illegible] [illegible] in Hartford. Among [illegible] N. Roberts, president of [illegible] Inspection & Insurance Co. of [illegible] subsidiary of the Hartford [illegible] which was acquired in [illegible] sixtieth anniver[illegible] [illegible]. Also attending [illegible] secretary, and Harold [illegible] of the Montreal office. [illegible] of the Hartford Steam [illegible] first casualty insurance com[illegible] [illegible] United States, was reviewed [illegible] R. [illegible] [illegible] declared [illegible] [illegible] stockholders of [illegible]

[illegible] BENJAMIN'S NEW POST

[illegible] one time with the [illegible] and Metropolitan [illegible] Accident Cas[illegible] [illegible] department.

FORUM ADOPTS NEW NAME

Now the Casualty Underwriters Forum of N. Y.; New Constitution, Too; Membership Increased

A brand new constitution was adopted at the final spring meeting of the Liability Underwriters Forum of New York, held Tuesday in the Aetna Life auditorium, 100 William Street. The organization when it was formed concerned itself with O. L. & T. insurance problems but because its scope has been broadened to embrace automobile and compensation lines, it was decided to change the name to the Casualty Underwriters Forum. Another important change in the constitution is that the terms of president and vice-president are limited to two years.

Under the leadership of B. W. Griffiths, Ocean Accident, president and organizer of the forum, the membership has had a rapid growth and now every stock casualty company doing business in New York is enrolled as well as the principal mutual carriers. In July the annual directory of members, both by company and individual, will be published.

Another forward-looking step is a letter to all of the membership on the suggestion that full information be given when corresponding with another company about the experience on a risk.

C. G. Gunther, Employers' Liability, is chairman of the nominating committee for the election of officers which will come next November.

N. Y. CITY'S SAFETY RECORD

New York City continues in the lead among cities of more than 500,000 population in the reduction of traffic fatalities, according to Police Commissioner Lewis J. Valentine. For the first five months of 1936 there are ninety-three fewer deaths, 1,912 fewer persons injured and 1,588 less traffic accidents than in the corresponding period last year, he reports.

This represents a reduction of 21% in deaths, 14.5% in injuries and 11% in accidents.

DEATH OF L. C. EVANS

Lawrence C. Evans, manager and secretary of the London & Lancashire Guarantee & Accident of Canada, passed away in an Ontario hospital a week ago as the result of injuries sustained when in an automobile crash recently.

Net Saving of 34.8%

Insurance and Banking Commissioner Carl K. Withers of New Jersey reports that a net saving of 34.8% in general administration expenses has been accomplished in handling the affairs of insurance companies taken over by the Department. He attributed this saving to the establishment within the Department of a division of conservation wherein the administration of all companies "taken over" has been centralized. Mr. Withers gave an encouraging report on the results in the liquidation of the New Jersey F. & [illegible] and said that [illegible] cash on hand [illegible] pay creditors is in excess of $[illegible] 000. There now remain about $[illegible] 000,000 of claims against this company in various stages of adjudication.

TRIBUTE TO A. E. FORREST

A [illegible] tribute to A. E. Forrest, president and founder of the [illegible] American Accident of Chicago, was [illegible] on Founder's Day June 16, by [illegible] the staff. This year is the fiftieth anniversary of both the company and [illegible] of Mr. Forrest and a "round-up" [illegible] is being planned for the fall at the home office.

Approve O. D. Rates

(Continued from Page 36)

such rates also hold the interest [illegible] follows:

Removal of Specific Occupational Disease Rate. Subject to the approval of the board, the specific occupational disease rate for certain classifications [illegible] be removed if the raw materials, processes or products producing the hazard are not present in the particular risk. Approval of the board for such removal shall apply only for one policy period. Each succeeding policy period shall require new approval.

Modification of Occupational Disease Rates. Subject to the approval of the board, a specific occupational disease rate may be authorized for any [illegible] risk, however classified, or the specific occupational disease rate may be modified for any particular risk when the hazard of exposure to occupational disease justifies such provision or modification. Any risk for which a special occupational disease rate is authorized shall be subject to the rules of this section.

Ex-Medical and Merit Rating. Specific occupational disease rates are not subject to reduction for the elimination of the obligation to pay statutory medical aid. Specific occupational disease rates are not subject to modification on account of schedule or experience rating.

New O. D. Endorsement

Superintendent Pink has just approved the following occupational disease endorsement to be used on [illegible] new and renewal O. D. [illegible] [illegible]

[illegible]

Policy No. [illegible]

It is agreed that [illegible] premium [illegible] the premium specified [illegible] Policy [illegible] of the classifications [illegible] rates stated [illegible] determined in accordance [illegible] [illegible] of this Endorsement is [illegible] [illegible] the terms of [illegible] Policy.