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Bay State, Insurance Laboratory, Tries Lower Rate, New Protection

MASSACHUSETTS most conservative of states, stands for the most radical of automobile insurance laws. In the old Bay State, the innocent bystander is watched over as nowhere else; since 1926 he has been protected by compulsory personal liability insurance. No car can be licensed to operate without a certificate of insurance.

The rest of the country watched the experiment closely, saw this proving ground of the insurance principle become a battle ground of rates and politics. All owners were required to insure; likewise, all companies doing business in the state were required to write the insurance.

The Citizenry Squawks

Rates were announced by the Insurance Commissioner. Based on limited experience, they climbed annually, amid the loud squawks of the citizens and the happy cries of the ambulance chasers.

Politicians denounced the insurance companies, but the companies were as worried as the citizens. Under the rates arbitrarily fixed by the commissioner, they lost rather than made money. Some estimates put their total loss for the last five years as about $14 millions. In 1931, according to F. H. Chase, representing 40 stock casualty insurance companies, premiums paid came to $17,780,467; losses paid amounted to $12,514,568 and expenses were $6,628,156.

Claims reached startling totals. It was almost as if Massachusetts motorists, having paid stiff premiums in order to register their cars, had said to themselves, "Well, we've paid for it, so we might as well use it."

Reductions—But Small!

After a few years of this, the citizenry began to appreciate the arithmetic of the situation, various civic bodies organized anti-accident drives. Three years of depression amplified the effect of painfully high premiums.

Announcement this month of rates for next year touched off no immediate explosion of protest, such as is customary on this occasion. Accustomed to annual increases, the people were perhaps taken unawares. The office of the Insurance Commissioner, usually bedeviled with protests, began to breathe

considered them too little. Neighboring towns, which had received none, showed their resentment. Cities which had been reclassified objected. The public generally was ungrateful for what it considered a small favor. A Ford owner in the Boston district, for instance, felt that a reduction of $7 on an annual premium which had started at $29 and jumped to $87 was nothing to be satisfied about.

And Another Law

Insurance companies pointed to their losses, pleaded with the commissioner to consider the outstanding claims of previous years and take into account the difference between estimated and ultimate liability.

Coincident with a public hearing on the new personal liability rates, another law was entered in the Bay State proving ground which makes practically compulsory the carrying of property damage protection.

Under this law, unless he is insured, a Massachusetts motorist has 60 days in which to pay a judgment for property damage. Then he is ruled off the road and his license suspended. When insured, the insurance company assumes the responsibility of payment.

Rates, as yet unannounced, will presumably be based on the state's experience with personal liability. The law itself aroused a storm of protest.

Paint Makers Set Out To Save the Surface

PROSPECTS of an upturn strong enough to put some "rejuvenation" money in company and family treasuries has stirred the paint manufacturers into action. They know that many a plant and home has had to go without needed paintwork during the depression. They also foresee an opportunity to capitalize on the current urge toward modernization as a means of making employment and speeding up the flow of business.

First evidence of the turn in the industries devoted to the manufacture of paints, varnishes, and related products is the announcement that Sherwin-Williams of Cleveland, a leader in the field, will guarantee prices against de-

campaign urging offensive operations against plant and home deterioration. Newspaper and periodical advertising is being tied in with window displays in the company's owned stores, numbering more than 100, and in its 17,000 dealer outlets.

The surface-saving industries have been hard hit in a time when many of their customers have found it difficult to save anything. Figures from the Census of Manufactures show that sales of paint, varnish, and related products by companies whose chief business is the manufacture of such products totaled only $331,838,000 in 1931—a 37% drop from the $530,590,165 volume of 1929. During the first 6 months of 1932 the gallonage curve slipped 10% to 15% under the level for the same period of 1931 and, due to heavy price cuts in May and June, dollar volume went off about 25%. As in so many other lines, dealer stocks have been allowed to slide to new lows. Best-sellers have been quick-drying enamels and ready-mixed paints for home use, though sales to factories are reported to have been picking up. Biggest slump has been in the demand for painting new structures. There haven't been many new structures. Sales to the paint makers' 3 largest industrial outlets—automobile manufacture, the railroads, and the building trade—have suffered heavy declines for obvious reasons.

Turn in Soap Prices Is Toward the Big Companies

As in other industries, the small soap manufacturer has been cleaning up during the toboggan era of commodity prices (*BW—Jul13'32*). With the upward turn, advantages are reversed. The day of reckoning for the little soap maker may be at hand. Procter & Gamble, giant of the giants, announces price increases on 2 important laundry soap lines—a rise of 12⅔% for one, 20% for the other.

Competition in laundry soaps has been savage. The profit margin was narrow or non-existent. With raw materials rising, profits at old prices were impossible. P.&G. took logical action. The increase is the first for a soap leader in 2 years. Expectations are that the rest of the industry will follow suit.

On a falling market, big soap makers suffer. They must buy huge supplies far ahead; as quotations fall, losses