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The Casualty and Surety Field

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vises: "Subsequent to the effective date of this prohibitive order, I stand ready to confer with company representatives and agents and thereby consummate satisfactory underwriting arrangements."

Exercised Rights of Brokers.

In addition to being directed at the companies the order sets forth with reference to a particular contract that: "Garages and automobile sales organizations and their employees located within the boundaries of New Hampshire have exercised underwriting rights, privileges and prerogatives of a licensed agent or broker without being the holder of a license issued by this department."

It adds, however, that their acts would not be illegal if "the sellers restricted their acts to that of simply purchasing insurance for their protection, but the acts and practices" are broader in that insurance is obtained for the buyers of automobiles. It declares: "These acts and practices and underwriting processes are violative of the laws of this state, and will not be tolerated."

Boston Bank Involved.

The specific case concerned involves the insurance notice issued to automobile buyers by a Boston bank, which finances car purchases. This notice, it is pointed out, merely notifies the purchaser that fire, theft and deductible collision insurance on the car exists and that in case of loss the bank should be notified.

The commissioner emphasizes that insurance granted through some master insurance contracts written outside the state is of doubtful character in so far as the safety and equity of the general public is concerned. In one contract cited by the commissioner it is stated that the automobile owner has nothing in his possession to show that there is a policy contract in force which can be relied upon to protect the equity of the actual owner of the vehicle.

It is further shown that cancellation of the insurance can be effected without extending notice of cancellation to the premium payer. In addition, it is declared that manual rates and regulations are disregarded and that the minimum premium of $5 for fire and theft insurance is not observed.

Iowa Federation Elects H. B. White to Presidency

H. B. White, counsel for the United States Fidelity & Guaranty in Des Moines, has been re-elected president of the Insurance Federation of Iowa John W. Gunn, secretary and treasurer, also was re-elected. Vice presidents named includes A. P. Speers, Centerville, Charles J. Schrupp, Dubuque, and James H. Bunten, Francis R. Korns, Harry E. Rex, A. B. Lorenz and K. G. Ellsworth, all of Des Moines.

The following have been appointed to the executive committee: H. B. Carson, Mill Owners Mutual Fire; F. R. Korns, Mark Waterman, Jr., State Automobile; Thomas Watters, attorney; J. A. Gunn, Employers Mutual Casualty and Chester E. Ford. John T. Hutchinson, secretary of the Insurance Federation of America addressed the annual meeting last week.

Industrial Insurers Planning Big Meeting

Annual Session in Florida November 19-21 to Consider Many Problems

Every phase of industrial underwriting will be discussed November 19-21 when the Industrial Insurers Conference meets at the Miami Biltmore Hotel, Coral Gables, Fla. Problems relating to life, health, accident, and casualty insurance will be taken up at the sessions, according to announcement by Peyton W. Jones, president of the group and secretary of the Bankers Health & Life, Macon, Ga.

A golf tournament, swimming, beach parties, riding, deep sea fishing and a banquet will be among the entertainment items scheduled for the delegates. The banquet will be followed by dancing.

Among the leaders who will attend the meetings will be George R. Kendall, vice president of the Conference and president of the Washington National, Chicago; W. B. Clements, secretary-treasurer of the Conference and superintendent of the industrial division of the Pilot Life of Greensboro, N. C., and C. S. Drake, chairman of the Conference executive committee and president of the Empire Life & Accident of Indianapolis

Also present as members of the executive committee will be C. A. Craig, chairman of the board, National Life & Accident of Nashville; W. R. Lathrop, secretary, Southern Life & Health of Birmingham; P. M. Estes, general counsel, Life & Casualty, Nashville; J. R. Leal, secretary, Interstate Life & Accident of Chattanooga; E. T. Burr, actuary of the Durham Life of Raleigh, N. C., and O. E. Starnes, vice president, Imperial Life of Asheville, N. C. The executive committee will meet the evening of November 18.

Long Service Rewarded

HARRY A. KEARNEY

Mr. Kearney last week was appointed manager of the important New York department of the Hartford Accident & Indemnity which takes in the metropolitan area, northern New Jersey, Long Island and southern New York state. He is one of the outstanding casualty and surety men of the country and has been in the business more than twenty years.

Illinois Occupational Disease Act Defined

Attorney General Rules Against Exclusions Contained in Policies

An insurance carrier in Illinois may not, by an endorsement to the standard workmen's compensation policy, relieve itself of liability to pay compensation for occupational diseases enumerated in Section 2 of the Occupational Disease Act, Attorney General Otto Kerner of Illinois held October 15 in an opinion.

In view of the large number of claims being filed under both the common law and the occupational disease act the companies had sought to relieve themselves of the occupational disease liability by an endorsement, and legality of this action was submitted to Attorney General Kerner, with the resultant opinion. This leaves the compensation companies in the same unfortunate condition with occupational disease claims piling up at a ruinous rate and with apparently no remedy except a change in the law.

Act Quoted.

The opinion cited the fact that in 1923 the Illinois legislature provided that employees in occupations enumerated in Section 2 should be placed upon the same plane as employees who suffered accidental injuries arising out of and in the course of their employment. The amendments also removed the right of employees to bring civil suit in case of injury.

"Section 26 of the Workmen's Compensation Act," the opinion said, "provides that any employer who shall come within the provisions of Section 3 of the act and any other employer who shall elect to provide and pay compensation provided for in this act shall, in accordance with sub-paragraph 3, insure his entire liability and said sub-paragraph provides that all policies of insurance carriers insuring payment of compensation under the act shall cover all employees and the entire compensation liability of the insured, and that any provision of the policy attempting to limit or modify in any way the liability of the insurance carried shall be wholly void.

Section 3 Cited.

"Section 3 of the Workmen's Compensation Act provides that the provisions of the act shall apply automatically and without election to all employers and all employees engaged in any of the enumerated businesses or enterprises * * *.

"When an employer is liable to pay compensation, whether it be under the provisions of the Workmen's Compensation Act or by virtue of the provisions of Section 15 of the Occupational Disease Act he nevertheless has elected to provide and pay the compensation provided for in the Workmen's Compensation Act * * * and there is only one compensation provided for and that is the compensation as provided in Section 15 (b) 1 of the Occupational Disease Act, namely, if an employee is disabled or dies by reason of an occupational disease arising out of and in the course of his employment, in one or more of the occupations referred to in Section 2 he, or his dependents, 'shall be entitled to compensation in the same manner and subject to the same terms, conditions and limitations as are now or may hereafter be provided by the Workmen's Compensation Act for accidental injuries sustained by employees arising out of and in the course of their employment.'"

Liability Void.

"If an employer must compensate his employees under the Workmen's Compensation Act for every accidental injury which arises out of and in the course of his employment and the legislature has said that the disablement due to an occupational disease in Section 2 shall be treated as the happening of an accidental injury," the opinion said further, "then the employer must provide and pay compensation and if he does so by taking out a policy of insurance any limitation in the said policy which seeks to limit or modify, in any way, the liability of the insurance carrier issuing the same is wholly void, it would seem harsh and unreasonable to say that the legislature intended to take valuable rights from the employees, namely his common law right to action against the employer, and substitute for it a limited recovery under the Workmen's Compensation Act and not give the employees the entire protection that one who received an injury under the compensation as would have been entitled to.

"I am, therefore, of the opinion that the limitation in the endorsement referred to, in so far as it excludes from the operation of the policy the liability of the insurance carrier to pay compensation to employees who are disabled by virtue of any occupation enumerated in Section 2 of the Occupational Disease Act, is wholly void."

Rate Increase for Alabama Is Asked

National Council Files for Average Advance of 9.6 Per Cent

The National Council on Compensation Insurance has petitioned the Alabama insurance department for an average increase of 9.6 per cent over existing manual compensation rates in that state, the revised rates be made applicable to new and renewal business only.

After determining the required average advance in rates, the increase is distributed by the proposal according to indications of Alabama experience to the three industry groups of manufacturing, contracting and all other. The resulting per cent increase asked for each industry group is: Manufacturing, 6.0; contracting, 18.7; all other, 10.7. It is contended that these increases by group will produce over all the average increase of 9.6 per cent which is asked.

Loss Constants Proposed.

There is proposed a system of loss constants to apply to all risks producing an annual premium of less than $500, with an offsetting reduction of manual rates. It is contended that the loss ratios of risks producing less than $500 are on the average much worse than the loss ratios of risks which produce an annual premium of more than that amount. A procedure of collecting a loss constant on all risks with an annual premium less than $500 is proposed to overcome the inequality produced by the difference in loss ratios between the two classes, those with an annual premium of more than $500 and those producing less than that sum in annual premium. The good ratio of the risks in the former class is recognized by an offsetting reduction in manual rates.

The loss constants proposed are: Manufacturing and contracting, each $11; all others, $6.

The corresponding percentage reduction in proposed manual rates is: Manufacturing, 2.2; contracting, 5.4; all other, 3.4. The proposed manual rates, it is claimed, shall be reduced by the foregoing percentages in order that the premium collected by using loss constants will not increase the total premium in the aggregate.

By Industry Group.

The proposed rates produced on the average an increase over existing basic rates of 6.1 per cent, and the premium produced by such rates together with the premium obtained by the application of loss constants produces the required average increase of 9.6 per cent, and at the same time, it is claimed, equitably distributes this increase by industry group as indicated by the Alabama experience for each group.

In support of the proposed increase of 9.6 per cent in premium, it is contended that there should be in the rate-making procedure a means for forcing incurred experience upon which rates are based to reflect conditions prevalent at the time the rates will apply. Heretofore this has been attempted by means of projection of medical losses and the inclusion of a flat contingency factor of 2.5 points.

Substitute Basic Factor.

It is now proposed to discontinue these methods and to substitute a basic contingency factor of 2.5 points which will vary from a minimum of 0.0 to a maximum of 5.0 points, dependent upon the actual underwriting experience for the latest calendar year for the state in question. The actual underwriting experience in Alabama for the calendar year 1933 was such that there is proposed a contingency factor of 5.0 points.

The use of a contingency of 5.0 points as proposed, together with the actual indication of Alabama experience for policy years 1930, 1931 and 1932, shows that there is needed the requested increase of 9.6 per cent over present basic rates.

Superintendent Charles C. Greer is making a careful investigation of the proposal with the aid of D. M. Munn, head of the compensation department. Action is expected at an early date.

Companies Declining Old Cars in Massachusetts

One of the complications of the compulsory automobile insurance law of Massachusetts is that the insurance department is authorized to force a company to write insurance, even if it desires, for sufficient reasons, to get off of or refuse the risk.

Some of the companies in that state had decided to refuse to write cars more than five years old, because of the heavier loss ratio on the class. Commissioner Merton L. Brown of Massachusetts, has announced that such action will not be permitted, as it would constitute discrimination. He admits, however, that cancellation will be permitted on old cars if it can be shown that they are not in fit condition to be safely operated on the highways.

Increased Auto Rates Approved for Oklahoma

The Oklahoma Insurance Board, on October 19, approved a filing by the National Bureau of Casualty & Surety Underwriters, for higher rates in Oklahoma for automobile bodily injury and property damage liability, effec-

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