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ASUALTY AND SURETY SECTION

Convert Many Old A. & H. Policies to Newer Forms

'WO MAJOR CHANGES MADE

Reduction in Principal Sum and Restriction on Permanent Disability Payment Offset

NEW YORK, Nov. 30.—Considerble headway is reported by accident nd health managers in getting their olicyholders with older forms of accient coverage to convert at renewal to 1e new uniform type which has been dopted by many companies that are 1embers of the Bureau of Personal Ac:dent & Health Underwriters.

The medical reimbursement feature is 1e inducement in these cases. When 1e new standard form was adopted it as not proposed to force old policyolders to accept it. However, the reuced principal sum and other items of :duced liability under the new form 1ade it desirable to obtain converts nong the old policyholders where posble. The privilege of covering all medal, nursing and hospital expenses up) $500 per $5,000 of principal sum is sually enough to offset the lowered rincipal sum and somewhat less lib·al provisions of the new form.

Change in Principal Sum

The reduction of the principal sum om $7,500 to $5,000 is usually not of rime importance to the policyholder. :e generally has life insurance in a 1fficient amount so that the 33⅓ per:nt reduction in his accident death enefit is not an important item. The 1ange in the total permanent disability ause, which is the other important alration in the new form, is not such as › cause the average policyholder to 1lk at accepting that form.

While the latter pays for only 52 eeks for "his" occupation and for life 1ly for incapacity for "any" occupaon, as against the former type paying r life for "his" occupation, the insured not likely to think in terms of techcalities. As a matter of fact, the ›urts in a number of states have still › decide what constitutes total perma:nt incapacity to perform "any" occution. While the liability on this point ay not be reduced by the new disabily clause to the extent that the com1nies would like, yet it is believed that e revised wording will go far toward itting down the number of cases in hich a company is obligated to pay a 'e annuity to a man who is only techcally incapacitated and is making per1ps more money in his new occupation an he did in his previous one.

Dubious About Reimbursement

Many accident and health men, even the companies which have adopted e new program, are frankly afraid of e possibilities of the medical reim1rsement feature, however. While ose companies which have had it for ›me time say their experience with it 1s been satisfactory, others believe at the time has been too short to give reliable indication of the eventual relt.

Some fear that experience with the
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F. P. Stanley Resigns from the Glens Falls Indemnity

JOINS LLOYDS OF AMERICA

Becomes Vice-President and Superintendent of Agents with Julius Barnes' Company

F. P. Stanley has resigned as vice-president and general manager of the Glens Falls Indemnity and has been elected vice-president and superintendent of agents of the Lloyds Insurance Company.

This announcement was made by Julius H. Barnes, chairman of the board of Lloyds. He is assuming his duties immediately.

Mr. Stanley has been with the Glens Falls Indemnity for the last five years.

F. P. STANLEY

Previous to that he was vice-president and superintendent of agents of the Norwich Union Indemnity. He was educated at Cornell and the University of Michigan. He started in insurance with the Travelers at its head office and was at one time in charge of the company training school for agents.

R. F. C. October Loans

The Southern Fidelity & Surety of Durham, N. C., is the only casualty company to receive authorization for a Reconstruction Finance Corporation loan in October. Loans were granted to seven life insurance companies. There were no fire companies on the list. Authorization of $5,000 was made to the Southern Fidelity & Surety but it had not been called for up to Nov. 14.

Capital Cut Proposed

Capital of the First Reinsurance of Hartford will be reduced from $800,000 to $500,000 by canceling a sufficient number of outstanding shares. The difference of $300,000 will be transferred to surplus. The First Reinsurance is a member of the Rossia group and except for qaulifying shares, it is owned completely by Rossia International.

New Occupational Disease Plan Out

National Council Makes Program Effective Dec. 31 in Non-Regulated States

MICHIGAN FILING FIRST

Modifications Provided Where Hazard Is Covered by State Laws or Commission Rulings

The first filing of a new occupational disease program worked out by the National Council on Compensation Insurance, which is to become effective Dec. 31 in all non-regulated states, has been made by the council in Michigan. The new Michigan schedule also includes a flat increase of 16.9 percent over compensation rates now in effect in that state and a further slight increase to cover occupational disease claims arising under Clause B1 of the standard workmen's compensation policy.

The occupational disease program is something entirely new in casualty insurance. It comes as the result of long study by committees of the National Council. The chief diseases occurring in the course of work are named in a schedule. They are silicosis, asbestosis, lead, chrome, anthrax, benzol, mercury, caisson disease, radio-active substance, and diseases not otherwise classified.

Increase Based on Hazard

The average increase for occupational disease claims is distributed among various classifications in accordance with the hazard found in each. Accompanying the filing is an exhibit showing the classifications of the corresponding occupational disease hazard weight in determining the specific loading. For the classifications included in the list there is a basic occupational disease loading of 1 cent per unit of hazard weight. For all other classifications 1 cent has been added to the rate as heretofore determined. The revised rates and minimum premiums are to be applied to all new and renewal policies issued in all non-regulated states to be effective on and after Dec. 31.

Modifications for State Laws

The hazard rates begin with 2 and run to 100. In the highest bracket is flint or spar grinding; silica grinding. Silicosis is given as the occupational disease. Other very high weight hazards are stone cutting and polishing, where the hazard rate is 90. Red or white lead manufacturing, where lead poisoning is incidental, has a rating of 72. Dry battery manufacturing is placed in the lowest brackets of hazard weight. It has a weight of 2. Lead poisoning is incidental to this work. However, there are batteries made without lead, and for
(CONTINUED ON LAST PAGE)

Glass Rates Go Up For Chicago Dec. 1

(CONTINUED FROM PAGE 23)

The penalty zone, or zone 1, in Cook county has been revised. Ashland and Western avenues, between Lake street and North Avenue, have been taken out of zone 1 because of widening of street. Cottage Grove, from 2,600 to 3,100, is placed in the penalty zone, as are 16th street from Kedzie avenue to Crawford avenue; Root street from State street to 600 west; Halsted from North avenue to 24th street, 47th street from 37 east to 200 west, Archer avenue from 2470 to 2497, State street from 600 to 1200 south, and Lake street from 2400 to 2569 west.

The principal reason for the increase was malicious breakage, which has been a cause of heavy loss to companies operating in Chicago. The second reason, however, was that there has been no increase in plate glass insurance rates in Chicago since the price of glass went up 25 percent in August, 1931.

Heavy Losses Experienced

The companies loss ratios have been terrific in Chicago, one member of the bureau showing well over 93.3 percent on an earned basis and many others being in that neighborhood. The losses have eased up a trifle recently, however. The loss experience for 1931 was 58.3 percent or an excess of 18 points of the ratio upon which the rates in force were predicated.

The zoning arrangement in Chicago is continued, with, however, some changes. Cook county is divided in two zones, zone 1 including a number of named streets, Chicago Heights and all territory east of the Chicago and Eastern Illinois railroad; zone 2 embracing the balance of the county.

Rates in Zone 1 for plates less than 50 square feet, will be figured upon a discount of 20 percent; lights of 50 square feet or more receiving a 15 percent discount. In Zone 2 the discounts will be 55 percent and 45 percent, respectively.

The destruction of plate glass fronts in Chicago for many months, much of it freely charged to a "racket," and bad competitive conditions led to organization of the bureau there in June. A company committee headed by George Wilkinson, of the Commercial Casualty of Newark, was named to cooperate with Chicago managers and general agents who proposed the bureau. J. A. Lawler is secretary and administrative officer. Membership in the body includes virtually all companies writing plate glass in the territory.

The changes are credited largely to the work of H. S. Slipner, assistant manager Bankers Indemnity; L. A. Krafft, secretary New Century Casualty, and J. W. Johnson, of W. A. Alexander & Co., representing the Fidelity & Casualty, members Chicago rating committee.

Within the past few months plate glass rate revisions were also enforced in Cleveland, O., Tampa and St. Petersburg, Fla., and throughout Arizona.

More recently, and likewise as a result of adverse loss experience, rates for coverage on private passenger automobiles in Mississippi, Louisiana and Arkansas, were fixed at $6.25 for open cars and $12.50 for closed machines. All changes noted above were based on the combined experience of company members of the National bureau and those subscribing to the Moore rating service of New York.

The New Amsterdam Casualty has just signed up with the Chicago Bureau.

New Occupational Disease Plan Out

(CONTINUED FROM PAGE 23)

such as these it is stated no extra premium charge can be made.

The program recommended is divided to meet the various requirements of the several state compensation laws as respects occupational diseases. There are modifications, for instance, in states where occupational disease coverage is provided by the state compensation act or by court interpretations. In states where occupational disease coverage is not provided by the state compensation act, or by court interpretations, there are new schedules, and in those states where the occupational disease coverage is provided by the state compensation act, there are other modifications. In each of these there is some slight variation to meet the existing situation.

Filings for regulated states will follow the usual course and await decision to be made after hearings before the supervisory authorities.

In the new Michigan filing the companies do not ask for a graduation in rates by size of risk because of the recent decision of the Michigan anti-discrimination commission. This does not mean that the stock companies have abandoned the idea but they feel the need for increased rates in Michigan is too imperative to permit withholding their introduction pending the pursuance of legal proceedings to test the validity of the anti-discrimination commission's decision.

In justifying the application for the new compensation rates, the National Bureau of Casualty & Surety Underwriters stated that every penny of the increase is needed by stock casualty companies to meet their expected losses and expenses. "As will be shown in subsequent statements," the memorandum says, "there is more danger that the increase will prove to be insufficient than there is that it will prove to be excessive." A loss ratio exhibit accompanies the statement, tending to prove that the increase asked for is conservative.

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(CONTINUED FROM PAGE 23)

medical reimbursement form will grow to be like that with workmen's compensation, which has been growing steadily worse and which has cost the companies many millions of dollars. They point to the possibilities of malingering, fee-splitting, and the padding of bills to which the medical rider would lend itself in unscrupulous hands, once the public and the doctors become educated to its potentialities.

They hope that a large share of these evils can be averted by extremely careful underwriting and a watchful check on claims made under the medical reimbursement provision. Some underwriters hope that the public's favorable reception of the medical rider will mean that insureds will use discretion in making claims and be unwilling to risk cancellation by gouging the companies with exorbitant claims.

Brokers Concerned Over Suit Involving Commission

(CONTINUED FROM PAGE 5)

ment on workmen's compensation between companies and general agents. The Travelers, it is understood, applies such a rule, but when it takes charge to collect premiums after the grace period it notifies the producer. The practice generally affects agents as well as brokers. Mr. Redmond states he was not notified, but instead the company notified only the assured. The Chicago Brokers Association is watching the case closely and if a decision is rendered adverse to Mr. Redmond undoubtedly will make an issue of the case and carry it to a higher court.

The other case reported in THE NATIONAL UNDERWRITER was that involving C. E. Nolan, prominent brokers' association member, and of the firm of George F. Brown & Co. of Chicago. The company made a payroll audit and notified the broker that it would collect direct but Mr. Nolan sent a notice he would expect that his commission be paid. The assured refused to recognize the company and would pay only Mr. Nolan. It was necessary to take the assured's notes, which were made direct to the company and were not endorsed by Mr. Nolan or his firm. The first note was paid in full and commission was allowed; then the assured