HOW GLASS UNDERWRITERS WORK

Premiums Collected in Canada Are Less Than Quarter of Million Dollars—There Are "Breakage" Years

The business of glass insurance began, presumably, with the general use of plate glass, and that may explain why the term "plate glass insurance" is now used in a technical sense. The companies transacting this class of business are not restricted by their charters nor by the insurance departments to plate glass. They are permitted to accept all kinds of glass, such as art and fancy glass, cathedral glass, church windows, memorial windows, mirrors, signs, etc., and even glass in transit, but they confine themselves as a rule to glass that is set or glazed. The revenue from these classes, however, is so small, compared with that derived from polished plate that the term "plate glass insurance" is not such a misnomer as one would suppose, suggested Mr. J. H. Ewart, of the National Provincial Plate Glass and General Insurance Company, Limited, addressing the Toronto Insurance Institute recently.

Glass insurance is said to be the least technical of all the forms of insurance recognized by the insurance departments, but it is not so automatic as many seem to think, and there is scope enough for the underwriter, as those directly responsible to the companies know only too well.

The hazard assumed by the plate glass insurance company may be broadly defined as "breakage by or from any cause whatsoever, excepting fire." The contract in use on this continent, however, also excepts earthquake, riot, insurrection, military or usurped power, etc., and in many respects it follows the conditions of the fire insurance policy. The contract provides that in the event of breakage the company shall pay to the assured "the actual market price of the glass at the time of loss with the cost of glazing," or the company may in its discretion "elect to replace," so that the liability of the company is subject in a measure to the price list of the Glass Dealers' Association, who may, of course, advance the cost at any time. The value of some kinds of glass, however, such as bent or fancy glass, is usually named in the contract, and, of course, the liability of the company is limited thereby. The contract also stipulates that if there be other insurance against breakage the company shall only be liable, in the event of loss for its rateable share thereof, and a claimant is bound, therefore, to disclose the fact if insured against, say, windstorm or tornado.

Some Years of Large Losses.

The responsibility in the matter of glass, as between the landlord and the tenant, seems to be that the landlord is bound under an ordinary lease to replace all plate glass broken by fire, lightning or tempest, or by the settlement or collapse of the building, or through any serious structural defect, such as the sagging of a lintel, girder, or breastsummer, but the tenant covenants to keep the premises "in good and substantial repair, ordinary wear and tear excepted," and the tenant is, therefore, liable to the landlord for plate glass broken in all but the excepted cases. An insurance "against breakage" disposes of all questions of this kind, the direct loss is made good by the replacement of the glass, and if promptly done, the chance of indirect or consequential loss, such as might be caused by rain or snow, is slight.

The consideration, or premium, is based on the joint or combined experience of the associated offices, and, despite the criticism of the New York insurance department, any weakness in this method is not evident. In this business, where the happening is the result of contingency, and the cost of the subject ebbs and flows, an absolutely equitable rate must remain in some degree at least an unknown quantity.

The business is not free from extraordinary losses, and the cyclonic storm which swept through Regina in 1912 and the explosion in Nanaimo in 1913 were disturbing factors in those years.

Some of Dangers to Avoid.

The glass underwriter does not ignore altogether the occupation of the premises, nor is he indifferent to construction. He prefers the dry goods store to the hardware establishment, and the substantial brick or stone building to the flimsy frame structure. He sets his face steadily against the greenhouse and kindred risks, and, like his confrère the fireman, he views askance the vacant building, but the corner store is not, in his opinion, the most desirable risk in the block.

The permit for alterations and repairs is granted reluctantly, because the obtainable extra premium is not commensurate with the increased risk. He dislikes the garage, and shuns, professionally, the saloon, the poolroom and the billiard hall. The odds are against him in the wide-open mining town, and he knows it, and, therefore, prefers the settled east to the wilder west.

There is the risk of inherent vice, as the marine specialist would say, as glass will break of itself, that is, without mechanical shock, owing possibly to some carelessness in the annealing or tempering, and the village "cut-up," therefore, is not always responsible for the break occurring during the night. In this class of insurance, owing possibly to the form of contract, the moral hazard is largely a negligible feature, and litigation is almost unknown.

Glass Underwriters of Canada.

The business of glass insurance in Canada is usually carried on in conjunction with other forms of property damage or personal accident, and with three exceptions this is true of the companies reporting to Ottawa. In addition to these companies there are a number of local offices restricting their operations to the provinces in which they are incorporated. There are probably no mutual companies, and none of the departments will permit individual underwriting. The premiums in Canada are less than $250,000 per annum, and, split up among 20 or 25 companies, the average income, of course, is small. The meagre profit to the company may be due to climatic conditions—sharp frosts and high winds —and not to the recklessness and indifference so characteristic of this continent. An earnest effort is being made in Canada to eliminate the guessing of bygone days, and in the near future this form of insurance may yield a reasonable return to the companies interested. The companies specializing in this class of insurance cannot boast of the resources of the fire and life offices, but they meet their obligations, and that is all that is required of any insurance company.

The Glass Underwriters' Association of Canada comprises nearly all the standard companies, and the carefully prepared constitution says the objects are: "The collection and compilation of statistics for the purpose of fixing equitable rates for the insurance of glass against breakage; the regulation of agency appointments and commissions; the prevention of rebating; and the promotion generally of the interests of its members." It is a laudable attempt to be fair and just to all concerned, viz., the public, the company, and the agent.

The members are loyal to the association and to each other, and respect the rules and rates laid down in the little manual prepared by a committee of themselves.

BRITISH MORTGAGE LOAN COMPANY

Glancing at the names of those who attended the annual meeting of the British Mortgage Loan Company of Ontario, one is reminded of a people whose characteristic, caution, has a world-wide reputation. Apparently careful progress is a factor in the management of this company, which last year increased its earnings, which amounted to $111,197, and showed net profits of $49,832. The balance brought forward was $15,343, making a total of $65,176 available for allotment, of which dividends took $35,972, improvements $1,232, and $20,000 was added to the reserve fund, which now amounts to $300,000; the remainder, $7,971, was carried forward. The assets of the company are principally mortgages, which total $1,643,918; municipal debentures are shown as $53,065. This year the offices are shown at their assessed value, $17,000, instead of as previously at $7,000. Cash amounts to $33,366, giving the company assets of the value of $1,747,349, or a surplus over liabilities to the public, which consist of debentures, $342,914, and deposits, $628,827, of $775,607.

Mr. J. A. Davidson has been appointed manager of the company in place of Mr. W. Buckingham, who retired after holding the position for thirty-five years.