

equipment are covered under an average clause.

Form No. 2 is the same as No. 1, and contains an additional clause assuming liability for collision damage to the car insured (except the first \$25, which must be borne by the assured) if the damage is caused by collision with a railroad or street car, or with a municipal fire department vehicle or fire insurance patrol wagon.

Form No. 3 also insures against all the perils covered under Form No. 1, and, in addition, covers damage by collision with another object to the assured's car and to other property, if the assured shall be held to be legally liable for and shall pay for the same. It also covers loss or damage to the assured's car caused by running into open draws. The underwriters exclude, under this policy, the initial collision loss of \$25.

Form No. 4 is the same as Form No. 3, except that it does not cover collision done or third party liability—that is, it does not cover the assured's liability for physical damage to the object collided with. (The underwriters do not cover collision damage to tires under Forms No. 2, No. 3 or No. 4 unless the total collision damage to the car is at least \$50.)

For an additional rate of fifty cents some of the underwriters will pay all theft losses under any one of these four forms.

#### AMERICAN STANDARD POLICY.

All the American and foreign stock companies engaged in writing automobile insurance in this country issue a standard policy—that is to say, the policy of each company is identical as to phraseology with the policies of all the other companies. This policy covers the body, machinery and equipment of a described car within the limits of the United States (excluding its possessions) and Canada; also, while on coastwise steamers between ports within said limits. It covers loss by fire from any cause whatsoever; loss by collision and derailment while aboard a railroad car, and loss by sinking, stranding and collision with another vessel while aboard a steamboat. It also covers theft, if amounting to \$25, excepting theft committed by persons in the employment, household or service of the assured. It stipulates that passengers shall not be carried for compensation and that the car insured shall not be rented or leased.

Extra bodies, equipment not in use or on the car, robes, coats, hats, caps, gloves, leggings, boots, goggles and chauffeurs' livery are not insured under this policy, except by endorsement and for a specific amount. If the car insured has more than one body, the additional or detached body would not be covered, unless the additional body clause should be attached to the policy. This clause states that the amount of the policy shall be divided into three parts, one part applying to the chassis and equipment, one part to the touring body and one to the limousine body. Under a valued form of policy it became necessary to employ this rider, for the reason that without it a loss might occur to a detached body and, in that event (there having been no predetermination as to its value), it would be difficult, if not impossible, to fix the liability of the company, or, rather, to fix the measure of loss that the company should pay in such a case.

If personal effects, such as chauffeurs' livery, gloves, goggles, etc., are to be insured, they must be covered under the "Personal Effects" endorsement for a specific amount and in consideration of an additional

premium, to be computed at the same rate as is charged on the automobile. This endorsement excludes loss from theft, robbery and pilferage—that is to say, losses from these causes must be borne by the assured.

#### "EUROPEAN PRIVILEGE CLAUSE."

Should a policyholder require insurance on his car while abroad, it would be necessary for him to secure what is known as the "European Privilege Clause." This clause permits him to take his car to the United Kingdom of Great Britain and Ireland and to Continental Europe, and covers it while there. It also includes the ocean risk both ways. An additional charge of one-half of one per cent. is made for this extension of coverage.

When a car is used for carrying passengers for compensation a special rider must be attached to the policy permitting the same, and the assured must pay an additional rate of one per cent. for the privilege.

Within the last month the automobile companies have authorized their agents, upon request, to eliminate the theft feature from their policies and allow a reduction of one-eighth of one per cent. on cars in Class No. 1 and one-quarter of one per cent. on cars in Class No. 2. It is a foregone conclusion that but few policies excluding loss by theft can be sold in large cities, although there is a possibility of a large demand for this form of contract in the smaller places, where the danger of theft losses is at a minimum.

Damage from collision to an insured car is assumed under what is known as the "Collision Damage Sustained Clause," which covers damage to the automobile in excess of \$25 by being in collision with any other automobile, vehicle or object, excluding loss to tires, unless the total collision damage to the insured car exceeds \$200. This clause excludes damages caused by striking any part of the roadbed; by striking the rails or ties of street, steam or electric railroads; by being operated in a race or speed contest, or while being operated by any person under sixteen years of age, or under the age limit fixed by law. The first loss of \$25, which the assured is obliged to stand under this clause, will be assumed by the company in consideration of an additional premium of \$35.

The "Collision Done" or property damage, rider indemnifies the assured, in case he is legally liable for physical damage by collision to the property of others, when caused by the automobile insured. Should the object collided with be another automobile, and should a fire occur in the other automobile as a result of the collision, then the damage done by the fire would also be covered under this rider to the extent of the insurance covered thereby. This risk is sometimes called third party liability.

The property damage rider of the liability companies is a broader cover than that used by the automobile companies, because it, as well as the liability policy itself, covers all the assured's legal liability to financial loss resulting from the maintenance or operation of his car, except fire loss to the automobile collided with.

I have often wondered why the automobile companies ever undertook to cover third party losses. This is purely the function of a liability company. The liability companies have also usurped the function of the automobile companies by covering, under