

Taking Care to Avoid Moral Hazard

Careful fire underwriters are watching general business conditions and individual risks much more closely than they did a few months ago. During the war it was believed that virtually no moral hazard existed. Now there is a belief that, if some have not already developed, it is likely to do so soon, and that underwriters should be on the lookout for it. An up-State special agent said the other day that in inspecting mercantile risks he looks the stock over carefully to see whether any considerable part of it looks as if it were getting out of date. One home office underwriter states that he is declining mercantile risks of certain classes whose owners have not a commercial rating of a certain standard, and on others he is getting special reports.

National Board of Fire Underwriters Agree to Arbitration of Complicated Losses

The *Spectator*, New York, says:—

"Most important and creditable action has been taken by the National Board of Fire Underwriters, with the endorsement of at least seventy-five per cent. of the membership, by which the apportionment of complicated losses will, in cases of dispute, in the future be submitted to arbitration instead of being taken to court. The plan provides for the payment, in cases submitted to arbitration, of the full amount of possible liability to the committee on adjustment. This enables the committee to pay to the insured the total amount acknowledged as being due from the companies whose relative shares are the subject of arbitration. Subsequently, when the arbitration committee has decided the amounts payable by the respective companies, any overpayments by some companies will be returned to them, and any underpayments by others will be supplemented by further payments made to the committee. This is an excellent plan from the viewpoints of both company and insured, for it enables the latter to recover his losses promptly, while the companies are assisted in avoiding long drawn out and expensive litigation. This is another instance of the constructive work done by the National Board of Fire Underwriters."

AUTO ACCIDENTAL DEATHS

The Metropolitan Life keeps accurate statistics of the deaths among its 13,000,000 policyholders. In 1919 there were 1,332 fatalities due to automobile accidents as compared with 170 in 1911. This gives a death ratio per 100,000 persons of 10.6 per cent. in 1919 as against 2.3 per cent. in 1911. The death ratio for automobile accidents is nearly 50 per cent. heavier than for typhoid fever.

Insurance and the Chambers of Commerce of the United States

Insurance now has a department of the Chamber of Commerce of the United States devoted to its interests. This new division held its first session last week as part of the general meeting of the Chamber. It is not yet fully organized. In fact, it does not appear that most insurance men have very definite ideas as to its aims and purposes. They expect it to benefit insurance by bringing it into closer relationships with general business, but how it is to do this remains a question in the minds of many of them.

The insurance interests cannot do better at this time than to keep in mind the truth that those get most out of an organization who put most into it. Aside from the performance of its regular functions as a distributor of loss, insurance has made splendid contributions to the welfare of the country and of general business in its Americanization movement, its conservation campaigns and its opposition to the entrance of government into the field of business. The men who conceived and directed these movements have shown a breadth of vision which, if applied to the problems of business in general, will aid greatly in their solution. If the biggest, broadest men in insurance will lend their services to the Chamber of Commerce there is little question that the interests of insurance will receive the consideration to which they are entitled.

One of the chief dangers to which insurance is exposed in its relations to the Chamber of Commerce arises from the petty seeking of advantage by individual classes and systems of insurance. This should cease, and an effort should be made to bring forward for service in the Chamber of Commerce the most representative men regardless of whether they are connected with stock or mutual companies; fire, marine, casualty, surety life insurance or the executive or agency branch of the business.

Furthermore, insurance, having brought to the attention of the Chamber big questions of public interest, cannot afford to ask its consideration of any that are not clearly in the interest of the public. The new insurance department might well make it one of its functions to consider all measures for which the support of the Chamber of Commerce is desired by any individual insurance interest and pass along to the main body only those which are so meritorious that it cannot refuse to endorse them.

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TOKIO MARINE AND FIRE INSURANCE CO.

Having made the necessary deposit at Ottawa, the Tokio Marine & Fire Insurance Company, are now licensed to operate in Canada.