

PRESENT-DAY PROBLEMS IN FIRE UNDERWRITING

(Lyman Root, Sun Insurance Office, before Insurance Institute of Toronto.)

(Continued from last week.)

Here are two forms which have come before my notice during the past week:

1st. "On the brick, first-class roofed building, and its additions adjoining and communicating, including plate glass, heating and lighting apparatus, gas, steam and water pipes and connections, plumbing work, and all permanent fixtures, also screen and storm windows and doors and awnings, belonging thereto and contained therein or thereon or on the premises, but excluding foundation walls and piers or buildings, and foundations of machinery, all below the lowest adjacent inside ground line and below the lowest adjacent concrete or brick floor level when such floor is laid direct on earth foundations and excluding concrete or brick floors when laid on earth foundations and excluding underground foundations of vaults and chimneys and excavations therefor and architects' fees in connection therewith."

2nd. "Permission granted for other insurance; to do such work and to keep and use all such articles and materials and supplies as may be deemed necessary by the assured in their business; to make additions, alterations, and repairs, this insurance to cover in same; to construct additional buildings and additions, including the introduction of additional engines and machinery and any other apparatus and appurtenances as may be required in their business; this insurance to cover therein; to work at all hours, to cease operations; to use oil, gas and electricity. It is understood that the vacancy or unoccupancy or any change in the use or occupancy of any of the above described buildings shall not prejudice this insurance."

It is understood and agreed that any error in the description, change of name or location of above described property shall not work to the prejudice of the assured."

The first form is, perhaps, harmless, but the adjuster handling a claim would at least require a well balanced mind to know just where our liability began and ceased.

INCREASE OF HAZARDS.

The second, as is self-evident, is dangerous, is not in accord with the statutory conditions or good underwriting and likely would lead to serious results in case of loss. Under this form, a simple non-hazardous manufacturing plant could be changed to any occupancy, no matter how dangerous, the area could be changed to double or treble its original size. Any number of hazardous machines and processes could be introduced. As a matter of fact, the assured could remove to an entirely different location without notice and still be covered as far as contents at least were concerned.

The time allotted is too short to discuss further the form problem, but I would like to impress upon every coming underwriter before me, the absolute importance of reading very carefully every form other than our regular printed forms, with which we are all familiar. Do not take for granted that because the risk came from Mr. A., that everything is all right. And again let me impress you not to pass a form under any circumstances which you do not understand or about which you can obtain no information.

FINANCIAL STANDING.

This is another feature of underwriting that bears an important part in the final profit and loss account. The underwriter who can read a commercial report and can pick the good, and decline the bad, is certainly of value to his company. A man may be rated at a million, and another at a thousand, and yet the low rated man may be the safer proposition. If the report says, "He has lived in this community for years, pays his bills promptly and is highly regarded," you are pretty safe in passing the risk, without regard to whether he is rated at one or ten thousand.

RATES.

Like the commercial report a low rate does not always signify a good or bad risk. The building may be of excellent construction unexposed but the inherent hazard may be large.

One company may make money for years on a class which would show a decided loss if the entire premium income and losses of all companies were considered. I can only say in this regard, that this class should be carefully watched by the fortunate company as at any time the law of average may reduce their profit to a loss.

(Continued on p. 155.)

The Great-West Life Assurance Co.

held its twenty-third Annual Meeting on
February 1st, 1916.

Attention is drawn to the following statements:

Business Issued, 1915.....\$ 24,457,929
(the largest in the Company's history)

Income for 1915.....\$ 4,779,490
Increase for the year.....\$ 554,034

Assets, Dec. 31st, 1915.....\$ 19,204,545
Increase for the year.....\$ 2,468,101

Surplus Earned, 1915.....\$ 973,678
Net Surplus.....\$ 2,874,796

Business in Force Dec. 31st, 1915 \$119,466,067
Increase for the year.....\$ 11,244,135

Net Death Claims (including war losses)
were 45% of the expected.

Net Rate of Interest Earned in 1915 was 7%.

The full Report, ready in a few days, will be mailed upon request. Also a booklet showing Results under Policies maturing in 1916.

HEAD OFFICE -- WINNIPEG