

THE AUTO AND THE MOTOR TRUCK

Bring Business to the Agents Door.

Mr. Richard J. Bond, superintendent for Canada of the Royal Indemnity Company, whose long experience in the Casualty business is well known, more especially in the United States, a wide field, in which the facilities afforded for gaining knowledge and valuable experience are very great.

The following address delivered by Mr. Bond to the members of the Insurance Agents club, Syracuse, should be of much interest to agents generally, more especially as his address deals with a subject of vast importance.

Conditions in Canada are practically similar to those existing in the United States, but at the same time it will be observed, that there are differences not only in the law, but in the precedents established by some Canadian Underwriters.—*Editor.*

In a discussion of this subject it is pertinent to allude to the development of the motor driven vehicle and its potentiality. As insurance men we are vitally interested in this, the third largest American industry, as we are important factors in protecting the immense amount of capital invested in the enterprise.

Air and Motor Transport

The experimental stage of the automobile and aircraft has been passed, and today is the era of actual achievement of transportation of passengers and freight by aircraft and other motor propelled vehicles. Those of us who saw the R-4 with its immense height and great length have some idea of the new airships that are to be commissioned by Vickers Limited next June, they are to be five times larger than the R-4 and accommodate one hundred and twenty-five passengers and four hundred tons freight, will make regular trips between London and New York. Vickers also are to maintain a service between Chicago and New York and have been guaranteed one million pounds of freight at \$1.00 per pound. The cargo will be mostly of high intrinsic value consisting of bullion, securities, and by affording rapid transfer of negotiable collateral, will place us in a dominant position in the marts of the world. It is also contemplated establishing inter-city deliveries as we now have by automobile.

Unlike the grain and great steel industry, the business is widely distributed and no one group of insurance interest control the placing of policies. The business literally comes to the door of the local agent and is a transaction between individuals and it is therefore incumbent upon us all to know the nature of the coverage we are affording and what is an adequate rate for the risk involved.

Local Agents' Function

Insuring of the vehicle and the merchandise being transported is a function of the local agent as most companies write automobiles and many are now writing aircraft coverage.

A fire insurance policy covers only a particular stationary object or interest; a liability policy covers only an injury due to the ownership or operation of a vehicle, therefore it came within the scope of the marine underwriter to give us what we have today, a single policy covering both fire and theft, liability, property damage, loss of use, and collision, and a separate policy covering the transit of merchandise and another policy covering aircraft and its cargo.

Our subject is more especially that of automobile insurance. Since early days there has been a constant refinement in automobile rate making and today we have a comprehensive manual sufficiently elastic to cover every problem which may arise. Assuming we are all familiar with the use of the fire rate sheets and of the liability manual we will proceed to a discussion of the fire policy itself.

The "Locus Operandi."

The first paragraph known as the Locus Operandi sets forth the limitation of territorial coverage to continental United States, and Canada. Clause 1 describes the perils insured against and in a valued policy is generally against all risk. The exclusions on exceptions we will call the won'ts and don'ts, that is the company will not and does not cover specific exceptions. If you analyse these exclusions you will observe that an agent can cover fully by the issuance of a bond, except that feature relating to tool and repair equipment.

Dividing the exclusions into two parts. (A) That of effects, it becomes an important subject after a loss and there should always be an inquiry as to what the additional values are when the policy is written. Some offices have a sticker, others a rubber stamp, calling attention to this item. It is a source of additional premium and should be urged.

(B) Strike and riot. Considerable business has been done of late in the coverage and it is of special importance where a fleet of cars are involved and this, too, should be urged.

Reading further we reach under the special provision a clause we will call the "C. T. L.," meaning Constructive Total Loss and which contains an inhibition against abandonment. We will concede the policy to be an expressed contract and if construed judicially in an action at law *abandonment could not be had unless the cost of repairs would equal or exceed the value of the automobile when repaired, the insured value being taken to be the value of the car.*