

AUTOMOBILE INSURANCE

The following excerpts from a paper entitled "Motor Car Insurance," read before the Insurance Institute of New South Wales, at Sydney, in September last, may interest Canadian underwriters:—

Some prudent underwriters have made considerable profit from automobile insurance, while money has been lost by several companies.

Physically, the fire risk is from petrol.

Self-ignition may be traced generally to loose petrol having collected in the undershield. The so called "backfiring" is often "popping" at the carburetor due to defective mechanism, wrongly timed ignition, etc., and should loose petrol be in the undershield from such causes as petrol pipe leakage, through wear, by friction, bad unions, joints loosened by vibration, leaking at the carburetor and the like conditions are ripe for a fire. "Backfire" proper is caused by a charge of gas exploding in the silencer, and although often stated as the cause of fire, has never within the essayists knowledge caused a fire.

Motor car insurance, unlike most other businesses varies considerably in every case, as the risk is affected by so many factors, some of which are as follows:—

Age of car, position of petrol tank, system of petrol feed, condition of carburetor, condition and position of petrol pipes, condition and shape of undertray, condition of ignition device, system and condition of lighting, condition of timing, vibration affecting petrol pipes and tanks, leaking petrol tanks, the fixing of various petrol saving devices, petrol dopes, and many other items.

Valuation and Rating should be done in all cases through the Underwriters Association. That a system should be installed so that the car may be identified even though both owner and license number may be changed. The makers or any other number or other identification should be noted, or numbers could be stamped on some permanent part.

A record card should be made, giving all necessary information from the inspection and all particulars affecting the risk. Instructions should be given to the owner to make any necessary alterations or additions to reduce the risk and a second inspection made after the work is carried out, and a certificate given to the company accepting the risk. The owner of the car should be charged a fee for inspection.

Suitable premises should be available for the cleaning up, storing and sale of salvage without sacrificing at a figure in many cases far below value. Such a scheme in operation would reduce present fires to one fifth of present experience with few total losses is the essayist opinion.

Valuation of cars is very little understood, and the fatal error of judging by the condition of the paint is only too frequent. The proper way to value a car is by splitting up into its various parts and separately valuing them.

No matter how badly a car is burnt, there are always many signs that will guide an expert in arriving at its proper value.

Many salvage cars are sacrificed through want of care on the part of the assessor, and through the Company's anxiety to close the loss. Salvage cleaned and oiled up looks over 100 per cent better than in its burnt state, and it can be cleaned up at a very small cost. Values of salvages are greatly enhanced by showing that parts are not damaged, instead of leaving the prospective purchaser to

suppose that it may be defective. The chassis always looks better with the burnt body removed.

Another reason why salvage should be cleaned up is that no assessor can definitely say, in all cases, whether the claim is a total loss or not, until he has got down to clean metal. One great evil in the case of a loss is the only too frequent accessory thief, who seems to drop from the clouds and vanish with magnetos, carburetors, tires, lamps, lighting dynamos, and other valuable parts that are easily detached.

This loss falls on the assured, and is due to a wrong impression in most people's minds, that when a fire occurs the salvage can be abandoned, and that nothing must be touched or the policy may be voided.

Every policy-holder should be more plainly warned as to his duties when a loss occurs, and that should any parts be stolen, it would be his loss.

FAVOURABLE SHOWING BY CANADIAN LIFE COMPANIES.

Mr. J. F. Weston, Managing Director, Imperial Life in the course of his address at the annual meeting held recently said:

There was paid in Canada up to the close of 1917 war claims amounting to nearly \$12,500,000. No report for the last year is yet available, but the claims for that year will probably bring the total for the period of the war to not less than sixteen millions of dollars. The percentages which war claims bore to the total death claims paid in Canada were: in 1915, 16 per cent.; in 1916, 29 per cent.; and in 1917, 33 per cent. At the beginning of the war no one could have contemplated such an additional strain placed on the companies and have foreseen their ability to withstand it without at least a greater shrinkage in dividends paid to policyholders than has been found necessary in the results. In Europe, the companies there, with larger percentages of lives exposed, were, under the terms of their policies, in receipt of extra premiums on the mass of the war risk they carried. But as against that, they suffered a much greater loss in assets than we, through the relatively greater shrinkage in the value of securities held by them, as contrasted with the holdings of our companies here. With them a number of companies found it necessary to pass their dividends the first year of the war and were followed later by others; some of the weaker companies merged with the stronger; but, on the whole, the companies of the Entente countries have stood the strain and have been fully able to meet the extraordinary claims that have been made upon them.

Showing of Canadian Companies.

In Canada our companies have had even a better experience. Small or large, they have met their claims and maintained their identity. The remarkable feature in their experience is that for the first three years of the war the pre-war rate of dividends to policyholders was generally maintained and any cut which it has been found necessary to make since then has, in the aggregate, amounted to only a small fraction of the \$16,000,000 war claims which have been paid; so that the cost of the war, apart from any effect on con-