

INCREASING LIABILITY RATES.**How New York Underwriters are Meeting the Situation.**

Important meetings of New York liability underwriters have been held this week to act finally on policy forms, premium rates and commissions, with respect to the Wainwright-Phillips Employers' Liability laws, which, as mentioned in a former issue of THE CHRONICLE, come into force in New York State on September 1 next. The committee of five attorneys appointed at last month's meeting, to consider the new compulsory compensation law and make a report to the companies, expressing their opinion: first, as to the constitutionality of the law; second, as to its scope with reference to the various classes or kinds of work, reported that they had serious doubts as to the constitutionality of the law, but were of opinion that the companies should assume that the law will be sustained by the Courts and act accordingly. They also stated that it is not possible at this time to express an opinion as to the scope of the law with reference to the various classes or kinds of employment defined in the subsections of the Act.

The underwriters agreed that all companies should point out to their New York State policyholders that present liability policies do not cover the liability of the assured under any compensation agreement, plan or law, present policies covering the legal liability of the assured for damages arising from accidents to employees through the negligence or the fault of the employer, which is a different thing from compulsory compensation imposed by law irrespective of the fault of the employer, and yet still more different from voluntary compensation for injuries to workmen agreed upon in advance by the employer and the employee, through contracts permitted under the so-called "permissive" features of the new laws.

It transpired that the underwriters favoured the plan that the brokerage commission for "compulsory" and "permissive" insurance should be limited to 5 per cent., and that the commission on general liability insurance should not, after September 1, go beyond 15 per cent. The present plan is to notify policyholders whose liability is likely to be affected by the new laws that present policies do not properly protect them, and each policyholder will be requested to communicate with his insurance broker if he desires the added protection the new laws will require. Such additional protection will be accorded by the liability insurance companies by placing a rider on present policies, for which rider a specific premium will be charged to compensate for the extended protection.

Beyond the necessity for additional insurance by employers who will be directly affected by the compulsory compensation features of the new laws the liability of all employers of labor in the State of New York will be augmented when the new laws go into force, because many of the defences heretofore granted to employers of labor in the State will have been removed when the new laws become effective.

There can be no doubt, that the premium rates for liability insurance must be increased all along the line after September 1, even if the companies elect to carry present policies to maturity without increasing the rate for the general liability

coverage. It seems to be the consensus of opinion that no line will be increased less than 100 per cent., while some lines will be increased very much more. These conclusions are based on the deductions made from the experience of all companies writing liability insurance in the United States, including the so-called "conference" companies and the "non-conference" companies, involving exposure aggregating many hundred millions of dollars in the shape of wages paid to employees, which is the basis upon which liability insurance rates are computed.

LIFE ASSURANCE PREMIUMS AND BRITISH SUPER INCOME TAX.

Mr. A. D. Besant, actuary and secretary of the Clerical, Medical and General Life Assurance Society, writes to the London Economist:—

"The Finance Act of 1910 introduces an entirely new principle, which, so far, has not received the attention it deserves. I refer to Part 4, Section 66 (2) (b) which gives authority for life assurance premiums to be treated as a deduction in calculating the statutory income for the purpose of super tax. Hitherto such premiums have been dealt with as an allowance after the statutory income has been ascertained.

Where the income exceeds £5,000, but does not exceed £6,000 (a limit due to the fact that premiums expended in excess of one sixth of the income are not allowed as a deduction) this new departure is of great importance as in many cases the deduction of life premiums will have the effect of giving the assured exemption from super-tax by reducing his statutory income to \$5,000 or less.

Thus, taking as an instance a person whose statutory income based on the previous year was £5,300, and who is paying on existing policies on his own life £260 a year in premiums, there is a net income of £5,040, which is liable for super-tax in respect of £2,040, being the excess over £3,000. By effecting a further life insurance involving an annual premium of £40, so bringing the total premiums up to £300 and thus reducing the statutory income to £5,000 super-tax would be entirely avoided. Statutory income based on previous year, £5,300; amount of life insurance premiums at present expended £260; proposed further expenditure £40—£300; total income showing no super-tax payable £5,000. Additional expenditure in life premiums as above £40; saving in super-tax i.e., 6d. in the £ on £2,040. £51."

UNLICENSED INSURANCE COMPANIES.**What the North Carolina Insurance Commissioner Thinks of Them.**

From time to time many inquiries come to this Department about certain unlicensed Insurance Companies, Associations and Fraternal Orders, who are seeking to do an "underground" business in the State, writes Mr. James R. Young, Insurance Commissioner for North Carolina in a special circular. The citizens making these inquiries are led by the plausible circulars (in many cases entirely untrue) to think that they have found a