

ACCIDENT POLICIES AND THEIR RENEWALS.

The Fidelity & Casualty Company of New York, through its President, Mr. George F. Seward, has issued an interesting statement on the subject of a possible ruling by the Insurance Commissioners of New York and Massachusetts, that the terms of the standard provisions laws for accident and health insurance policies of those two States will be applied to renewals of policies issued prior to January 1, 1911. Mr. Seward believes that such a ruling on the part of the Commissioners would result in a very great shock to the accident and health insurance business, and argues at some length against it. He points out that both in the preliminary discussions of the subject by the Insurance Commissioners and the companies, and on the Bill's passage through the New York and Massachusetts legislatures no suggestion was ever made that the provisions of the Bill should apply to existing policies. "That a subject of such enormous importance as that of the renewal of existing business was not distinctly provided for in the Bill, is, we submit," says Mr. Seward, "the strongest possible proof that the Legislatures did not intend the provisions of the Act to apply to such renewals. Had such a suggestion been made to the Legislatures, the companies could easily have shown that such a requirement would cause such great injury both to the companies and to the present policyholders that we cannot doubt that the Legislatures would have discarded the proposition without a moment's hesitation..... It was the evident purpose of the Legislatures not that all existing contracts should be changed on January 1st, 1911, but that all policies thereafter written should conform to the law so that, gradually, as the present policies ceased to exist or ceased to be renewed, accident contracts would come to be of the kind described in the law. It was not the Legislatures' purpose to interfere with existing relations between the companies and the policyholders, but to bring about a gradual change with the least possible shock to the business." Such a ruling as that to which exception is taken would, it is contended, greatly increase the companies' expenses, not only through additional clerical work being necessary, but by loss of business, owing to the necessity for re-canvassing, etc., and would injuriously affect policyholders, since, "the use of renewals has made it possible to keep alive for years insurance which the assured needs, and to which he cannot give immediate attention Necessarily, if a company has, as many have, thousands of persons, scattered all over the world insured against accidents, to require that the policy cannot be continued without a signed application from the policyholder is bound to cut a large number of them out of their insurance at a time when they most need it and cannot help themselves." Finally Mr. Seward writes:—"Furthermore, there has been no demand on the part of the policyholders for any such ruling, or for any change from the past custom in respect to renewals. There is no allegation that a policy of accident insurance may not be renewed under any necessary or reasonable interpretation of the standard provisions law. There is no reason why added work and expense should be put upon the companies and the solicitors.

There is no reason why a procedure should be demanded that will deprive many policyholders of insurance. Is it not reasonable to ask that the law, in its essence as it was enacted, be left for awhile, so that results may be observed rather than provisions be added by arbitrary ruling, which experience does not sanction, and which will certainly be productive of harm."

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REDUCING THE FIRE COMPANIES' EXPENSE RATIO.
The Agent's View.

The probability that action will be taken shortly in the United States making for the reduction of the expenses of fire companies gives point to a paper on the subject read by Mr. George D. Markham, of St. Louis, before the annual meeting of the National Association of Local Fire Insurance Agents. The question has lately been discussed from many points of view; Mr. Markham contributes that of the agent, who is possibly more than any other individual, concerned with various suggestions which have been made on this subject.

In Mr. Markham's opinion the total cost of conducting the insurance business is too high. He does not mean that too much money is spent in every department of insurance management, but that any waste in expense must be corrected by concerted action among insurance men, or else, in his opinion, the State will interfere. The are certain activities, he points out, paid for in the expense account which are entirely justifiable. Fire prevention work repays the public many times its cost, and this function of insurance promises to grow in value and complexity and, therefore, will continually cost more. An extreme illustration on this point significant, if not wholly applicable, is the Hartford Steam Boiler Insurance Company, whose expense ratio is 83 per cent. for preventive work. Another function of the companies, which, in Mr. Markham's opinion, should develop in the future both in value and in expense, is the statistical study of losses to assist in proper rating. As the doctrine of an equitable collection of the fire insurance tax continues to spread throughout the country, and one community after another adopts in practice or by law, the principle that every man should pay his fair share to this fund without discount due to disorderly competition between companies or rebating between agents, the necessity for more scientific rating will, in Mr. Markham's opinion, be recognized, and increased expense for the statistical and rating machinery will be inevitable and acceptable.

The agents who attended the convention, would rejoice, observes Mr. Markham, to see expenses on a more defensible, economic basis. Real agents would be, in his opinion, better off in the end, if commissions were reformed fairly and to stay. But in the first place, the changes made must compensate the agents really serviceable to the business. The best interests of the business and the success of the proposed reform call for measures, in his view, to check the appointment of unfit agents and to stop multiple agency appointments. A concentration of agency powers would compensate for