

PERSONALS

Mr. J. E. Clement, General Manager of the Fire Insurance Company of Canada, sailed last week en route to England and France on a business trip. He expects to return to Montreal early in December.

Mr. T. L. Morrissey, Manager for Canada of the Union Assurance Society of London, is visiting the West in the interests of his Company. While in Winnipeg this week he attended the Inter-Provincial Conference of Provincial Insurance Superintendents.

Mr. J. B. Laidlaw, Manager of the Norwich Union Insurance Society, attended the Inter-Provincial Conference of Provincial Insurance Superintendents at Winnipeg this week and delivered an address on the Standard Conditions for Automobile policies.

HOW AUTO RATES ARE MADE

New Schedule Will Reduce Hazard

BY JOHN M. HARRISON

In previous years we have based our rates for automobile insurance upon the factory list prices. This system of rating has been found to be illogical and inconsistent, and frequently the cause of embarrassment between agents and companies, and the starting point of many criticisms made by automobile manufacturers, dealers and owners. There was no real justification for giving the same fire insurance rates to two different cars of approximately the same cost, but constructed on entirely different lines, and the one containing very much greater physical hazards or being very much more popular with automobile thieves than the other.

Again, it was very difficult to explain why a car listing a few dollars below the dividing line of the classes was required to take a higher rate than another car listing a few dollars above the dividing line. The case of the Chandler, which used to list for \$1,799.00—thereby falling in Class "D," comprising cars listing between \$800.00—and \$1,799.00—was very troublesome because there was quite a temptation to add freight, war tax, and the cost of accessories to the list price of \$1,795.00 in an attempt to justify a rate for Class "C," comprising cars listing between \$1,800.00 and \$2,499.00. The faults of the old rating system have been apparent for a long time, and during the last three years the National Automobile Underwriters Conference, in co-operation with the Underwriters Laboratories, Incorporated, and the Society of Automobile Engineers, has been working upon a

schedule for rating each automobile according to its physical hazard for fire, its re-sale value and popularity with thieves—in so far as the theft rates are concerned, and its susceptibility to damage, and the cost of repairs in respect to collision insurance. The result of the labors of the joint committee I have just described has been the creation of a schedule which has been well received by the automobile manufacturers, many of whom will effect changes in the construction of their cars so as to eliminate physical hazard defects, for which they are now penalized by the schedule, or to improve their products so as to obtain credits which may be available under the schedule.

Gasoline Storage Factor.

An instance of the thoroughness with which the rating schedule has been prepared is the treatment which it accords to the question of gasoline storage and gasoline feed system. The capacity of the gasoline tank, the location of the tank on the car, and the question of whether the gasoline feeds by gravity or otherwise, each has a bearing upon the rate classification of each automobile. Similar treatment is given in the schedule to the lighting and starting systems. I have simply referred to these things to give you a general idea of how carefully the schedule for rating was prepared. No doubt you will be more interested in the practical question of how to figure out a fire insurance rate according to the rate schedule.

Practically all of the automobiles being manufactured today have been thoroughly examined by the engineers connected with the Underwriters Laboratories, Incorporated, and have been classified under the merit rating schedule, and are designated, according to their classification, by alphabetical symbols in the new classification manual, which supersedes the old list price book. The four columns on the right hand side of each page of the classification manual contain the alphabetical symbols which will enable the fire, theft, collision and property damage rates to be quickly found in the rate sheets themselves, the basis for according to the loss ratio of each. Among the cars rated for fire in Class "A" are to be found the Packard, Pierce Arrow, Hupmobile and Locomobile. These new fire insurance rates average thirty-three and a third per cent. reduction over the rates for 1919.

In respect to the theft rates, the principle which has been followed is that of giving the highest theft rates to those cars of which the thieves are particularly fond and which have a ready re-sale in the second hand market. Then, again, it is but natural that the rates for theft insurance in the cities and metropolitan centres should be