

OFFICIAL ORGAN OF THE INSURANCE FEDERATION OF BRITISH COLUMBIA

New Insurance Rating Schedule for Automobiles

By Mr. E. P. Withrow, Late British Columbia Manager of the Dominion of Canada Guarantee and Accident Co., and Chairman of the British Columbia Automobile Underwriters' Rerating Committee.

The British Columbia Automobile Underwriters' Association expect to have a new manual of rates for distribution to members about the 1st of September. Automobile insurance has, since 1910, increased very rapidly; then there were but seven companies writing the business and the total premium income was less than \$100,000.00, this was for the whole Dominion; in 1919 there were some sixty companies in the business with aggregate premium of approaching \$3,500,000.00. During that time the claims have varied considerably, in 1911 they reached the high peak of 72.66 per cent; in 1919 they mounted to 53.71 per cent.

The automobile business is even yet in its infancy and the experience of the various companies is varied. The best way to get a proper experience is for the companies writing this class of business to get together and exchange experiences. This is one of the objects of the British Columbia Automobile Underwriters' Association, and the result of this experience will be shown in the new method of rating that will be introduced when the new manual is issued in September.

An explanation of some of the reasons for the change will doubtless prove interesting to the insuring public and we will endeavor to explain these under the various sub-heads.

In automobile liability insurance covering personal injuries the experience has been for the most part quite profitable and there has been a gradual reduction in rate as the volume of business increased, and the contract has also been very materially widened in its protection to the assured. The new manual will show a further reduction for cars used for private pleasure purposes, and a new basis of rating will be put into effect. Heretofore cars have been rated and the premium charged on the basis of the horsepower—in the future cars are to be placed in classes, the Sedan or coupe, or the enclosed car will call for a higher rate than the ordinary Touring, it having been proved that in this kind of car the vision of the driver is to a greater extent interfered with, causing a greater number of accidents.

The rates for property damage are being continued at practically the same rate as has been in effect for the last two years, in spite of the fact that most property damage claims are those in which other cars figure, and the cost of repair of the other car has, as all motorists know, advanced tremendously, and very little margin is being allowed to the companies by the rate being charged for this feature.

The most expensive end of the automobile business, as far as the insuring company is concerned, is the collision feature, which covers damage to the assured's own car. The experience of most companies has been very costly and in the case of those cars listed under \$3,500.00, there is an increased premium called for by the new rates, but there is also a very decided broadening in the protection offered by the contract by the removal of the so-called road-bed clause. In private cars listed over \$3,500.00 a reduction in the collision rate is shown despite the fact of the increased protection. This is possible because the experience of the companies has been that more care is exercised in the handling of cars of this price and a decided saving in premium is shown on cars listed over \$3,500.00 where the full coverage collision clause is taken over the rate at present in effect, this reduction being again due solely to the fact that the experience would seem to warrant it.

The most radical change, perhaps, is shown in the method of rating a private automobile for fire insurance. The Underwriters' Association submitted for examination to the

Chicago Laboratories all makes of cars for the purpose of having them rated on merit. An exhaustive examination was made, a basis rate struck, and credit allowed for good points, and charges made for weaknesses with respect to the inherent fire hazard from a gas engine, so that the better the car as regards the fire hazard the better the rate, and some really drastic reductions have been made on some of the best cars.

The same method was adopted in arriving at a rate for theft, and where the locking devices on the car are such as to make the danger of theft less, a real reduction in the theft rate has been allowed, and in addition special reductions are allowed for specially tested and proved locking devices, the Sedan or enclosed type of car being given special concessions in regard to the theft rate.

The losses from theft in Vancouver are still on the increase, most claims, of course, being for the damage as a result of theft; not many cars have been entirely lost, but the increased cost of repairs has added very considerably to the amount paid out by the insurance companies.

The Automobile Underwriters' Association are co-operating with the City Council in an endeavor to minimize this hazard and to prove of value to the insuring public, as well as to the insurance companies, and will continue to gather experience so that the lowest possible rate consistent with the claim experience may be given in each covering provided by an automobile insurance company.

As previously stated business is still in its infancy and it will be necessary from time to time to still further reconsider the method and the rate, but by the examination of the combined experience of the sixty odd members of the association it is hoped to render the insuring public the best possible service at the minimum cost.

INSURANCE MANAGER MOVES TO WINNIPEG

It will be learned with considerable regret that Mr. E. P. Withrow, Provincial manager of the Dominion of Canada Guarantee & Accident Insurance Co., is moving from Vancouver next week to take up the position of branch manager of the company at Winnipeg, with jurisdiction from the head of the Lakes to Moose Jaw. Mr. Withrow will be succeeded by Mr. J. Cecil Stuart, inspector of the Ottawa branch of the company.

Although Mr. Withrow has been only two years manager of the British Columbia branch, succeeding Mr. H. W. Falconer, who has been made superintendent of agents, he has been unusually successful in building up the business of the company, which now has a premium income in the Province exceeding \$100,000. The success of Mr. Withrow is the cause of his moving to a larger sphere, and one in which the company's business is not as large as that covered in this Province. The company reposes a great deal of confidence in Mr. Withrow and he has an opportunity of greatly extending the company's operations in the large territory which he will cover in his new appointment.

In his short residence here Mr. Withrow has commended himself to the underwriting fraternity in no uncertain way. Quiet and unobtrusive, he has been a pronounced factor for unifying the underwriting interests in the Province, and has done a great deal to promote the best interests of the company and raise the standards on which business is done. His influence has been steadily growing and only recently he was called upon to head a committee for the revision of automobile underwriting rates which is proving a great benefit both to the companies and to the general insuring public. He is a leading member of the Order of Blue Goose and many positions of trust and honor in the insurance fraternity would have been his had he continued to remain one of us in British Columbia.