

Riot premiums on universities

# Insurance companies tightening the screws

OTTAWA (CUP) — Fire insurance companies, trying to safeguard against insurance losses due to vandalism, bombings and riots by student militants, have found a way to cut costs — by imposing fire insurance deductibles and riot premiums on university administrations wishing insurance protection.

University officials across the country are up in arms over the new premiums, but it looks as though they are here to stay.

Roy Elms, of the Canadian Underwriters Association, the largest organization of fire insurance companies in Canada, says that the use of deductibles and riot premiums will "encourage university officials to accept more responsibility in controlling

losses at the source".

What this means, within the political and economic framework of Canadian universities, is that big business, through insurance economics, can gain some control of university politics by making student radicalism too expensive a cross for the universities to bear. On an insurance claim, a deductible is that first part of the claim that the owner must pay in case of damage, before the insurance company will undertake to pay the rest.

The Canadian Underwriters' Association (CUA) are increasing university vandalism and riot insurance rates by as much as 100 per cent, while also imposing deductible amounts of up to \$50,000 per claim on

university building fire losses.

How do insurance companies justify this rate increase? By citing examples:

\* the growing record of student unrest at the University of British Columbia, Simon Fraser, University of Windsor, Waterloo Lutheran, McGill and Sir George Williams.

\* recent bomb damage at McGill, Loyola, and St. Francis Xavier.

\* radical and inflammatory speeches made on university campuses (operating on the theory that all serious student demonstrations can be directly related to the actions of one rabble rouser.)

University insurance buyers, the ones being penalized under the new system, feel that the insurance companies are overreacting to a few isolated

incidents and are being overly influenced by recent insurance policies adopted by American university insurers.

Two years ago, however, these same university administrators reacted to the Sir George incident and other relatively minor radical actions to attempt to impose highly restrictive disciplinary policies on students, notably at the University of Saskatchewan and in Ontario by the Committee of the Presidents of the Universities of Ontario. These policies were designed with heavy emphasis on similar documents drawn up by American administrators after heavy damage and major demonstrations on many American campuses.

Universities have always been easy marks for the in-

surance sharks, and Canadian universities in particular were good investments for insurers until February 1969, when militant students and Montreal police, while using the Sir George Williams University Computer Centre as a battle ground, turned it into a \$2 million heap of scrap metal.

The insurance industry took this loss with very ill grace and set about scheming ways to retain the healthy capital flow from the universities' coffers to its own.

This fall the men at the drawing board found the answer: high riot premiums and high deductibles.

While the long term effects of this move by the CUA cannot yet be estimated, university officials feel the insurance industry is tackling the "vandalism" problem ass backwards. The university people are now suggesting, rather belatedly, a counter proposal.

A spokesman for Marsh and McLennan Ltd. of Toronto, a leading broker of university insurance, says that the universities and the insurance agencies should have held meetings to discuss better campus security arrangements, more realistic deduction provisions, and other improvements on the risk involved.

But it's too late since the CUA has already unilaterally made their decision and are in a position to stick to their guns because they are the insurers with the most experience on Canadian campuses. CUA will negotiate deductibles but only with universities with huge insurance budgets and long peaceful histories.

Many universities are now deciding to insure with non-CUA companies, or to take a combination of CUA and non-CUA policies. But they still feel that it is their duty to strengthen their own campus security and should not be penalized if their own situation does not warrant higher premiums.

In other words, university administrators are finding it easier to switch insurance companies than to squash student discontent down to a level that the CUA finds acceptable and profitable.



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