

BRITISH INSURANCE MANAGER DISMISSES OFFICIALS

**Of United States Branch and Places in Charge Pro Tem. Manager of Canadian Office—"General," of Perth, Scotland, is Having Strenuous Times—
Dismissed Officials Commence Suits—
Trouble Started by State Insurance Commissioners' Report.**

All has not been well with the United States branch of the General Accident Fire & Life Assurance Corporation, Limited, of Perth, Scotland. The result is that the New York State Insurance Department has made an examination of that branch, and a report in which several uncomplimentary reflections are made. This report was submitted to the National Convention of Insurance Commissioners in New York on August 2nd, and adopted by them. General Manager F. Norie-Miller arrived in New York from Great Britain on August 19th, and immediately commenced a housecleaning along the lines suggested in the report. Indeed Mr. Miller's actions were all in keeping with the good reputation which the big British company has enjoyed. Many of the officers of the American branch have been dismissed, and Mr. Claude Norie-Miller, of Toronto, manager of the Canadian branch, has been appointed United States manager pro tem. Finally comes news of suits brought by the dismissed officials.

The New York State Insurance Superintendent's report says in part:—

"The General Accident Fire and Life Assurance Corporation was organized under the laws of Great Britain in 1891. Its United States Branch, through a deposit in 1899 of \$250,000 is, so far as this country is concerned, in effect a New York corporation, though its principal place of business is in the city of Philadelphia. Though thus domiciled in New York for the past twelve years, this company has never been previously examined by this department.

"As a New York company, this foreign corporation has the right to do a general casualty business, the same including accident, health, liability, burglary and automobile insurance. Its important lines are accident and health, and liability. As an American corporation, however, the General Accident, unlike its competitors, is bifurcated in its organism and management. Its health and accident business is conducted in two departments—one called the commercial and the other the industrial; over one of these departments is the United States manager; over the other is the United States industrial department manager. In theory, the United States manager is the president of this company as an American corporation. In practice, in the health and accident field, it has two heads, one a little larger than the other, but each apparently independent of the other, save, as will be seen, when an insurance department becomes inquisitive as to methods.

Is Entirely Solvent.

"This examination shows that this company, as an American corporation, is entirely solvent, and, aside from its industrial department, managed in a way to entitle it to official commendation. The policy of its industrial department, particularly in the settlement of claims, and again particularly in the adjustment of death claims, calls for emphatic condemnation and requires immediate reformation if this company is to continue to do business in New York. Hence, both to inform the public as to such methods, and to give proper warning to other companies in the same field, the following review of this company's transactions as an industrial health and accident company is made.

"As already indicated, the industrial department of this company is so far separated from the company itself, as represented by the United States manager and the American advisory committee, as to be, in effect, a separate corporation. Even the mail addressed the corporation itself is, so far as possible, marked by the sender, to the end that the industrial department's mail shall be delivered to it without being opened in the general office; while industrial policies are not valid unless countersigned by the industrial department manager; nor, it is claimed, is notice of disability or death under such a policy good if it is given to the general offices of the company and not to the industrial department itself. We have, therefore, a condition whereby a corporation re-

sponsible to this and thirty-seven other supervising departments—it being admitted to do business in thirty-eight of our states and territories—apparently has within itself another corporation responsible to the home office of the company in Scotland, but, seemingly, save in extreme cases, under no control, so far as the United States manager of such corporation is concerned.

Operates From Philadelphia.

"The industrial department of this company operates from Philadelphia. Its home office force is large. Such office has the usual bureaux of divisions of executive, agency, claim, accounting, policy, legal and the like. A fact worthy of note as fixing the responsibility for existing conditions is that at the head of several of these bureaux, or at least occupying places of influence therein, are relatives of the industrial department manager. Thus, Charles H. Boyer is such manager. His wife is the superintendent of agencies. His brother, J. B. Boyer, is at the head of the legal bureau. His brother-in-law, J. C. Steinbach, is assistant to the chief of the claim department. Another brother-in-law, Geo. H. Summers, is at the head of the policy department; while J. Warren Issett, a cousin, is at the head of the accounting department. Another significant fact is that the industrial department manager, whose family is thus apparently in charge at the home office, is largely compensated through a profit-sharing contract, under the terms of which such manager receives 15 per cent. of the net profits derived from the industrial business, based upon the premium income, expenses, loss payments, etc. He thus shares financially in all gains which may be made through adjustments in the claim department. His profits under this contract in 1910 were \$14,564.85, while his flat salary was \$4,800."

Ignorant of Practices.

The report states that the company's agency force is very large. It quotes considerable correspondence to show that much delay occurred in settling claims. It continues:—

"It is asserted on behalf of the industrial department manager that, until this examination, he was ignorant of these practices; that he now condemns them and will do everything in his power to make amends for the wrongs which have been done. As to the future, the views of this department will be expressed a little later. As to the past, it is not prepared to grant absolution. There is enough in the quotations from letters and memoranda contained in what precedes to indicate that the industrial department manager was, to a considerable extent at least, cognizant of what was going on. His family and himself are practically in control of, or emphatically influential in, every function of the industrial department's work. That their chief is largely interested in savings—not only through adjustments, but in other ways—is clear, from the nature of his profit-sharing contract. Irrespective, therefore, of his technical responsibility as the head of this department, he is, in my opinion, chargeable with the conditions and results here enumerated."

Names Others Responsible.

Others responsible for the conditions noted in the report are named by State Insurance Superintendent as Mr. J. J. Krist, manager of the weekly premium branch of the industrial department; W. I. Mullen, chief adjuster; J. C. Steinbach, next in line to Mullen, and J. B. Boyer, head of the legal department of the branch. The report is very sarcastic in referring to these gentlemen. Of Mullen, it says: "More than any other man at the head office (United States) he has set the pace as to the settlements with industrial policyholders. In such settlements he seems to start from the premise that every claim is fraudulent and must be proven honest. He is fertile in suggesting ways to avoid liability or to cut down amounts due."

The report concludes with notes as to what must be done if the company is, after the expiration of its present license, to continue to do business in New York State. The industrial department must immediately investigate itself. Wrongs must be righted, and the examination must be made by persons in no way responsible for present conditions or connected with the industrial department or its management.

Mr. F. J. Moore, the United States manager, received an annual salary of \$20,000 and commissions, and C. H. Boyer, industrial department manager, \$4,800 and commissions.

Many Officers Now Dismissed.

After thoroughly considering the conditions that have existed in the United States department in Philadelphia, General Manager F. Norie-Miller, of the General Accident Assurance Corporation, of Perth, Scotland, served notice of dismissal upon Manager Franklin J. Moore, Harry Vaux and Charles E. Ward, two of Mr. Moore's principal assistants.

Mr. Claude Norie-Miller, at present Canadian manager of the company, has been appointed United States manager