

PLATE GLASS INSURANCE—AS IT IS—AS IT MIGHT BE.

(E. B. Anderson, Royal Indemnity Co., N.Y.)

The past year has produced no pronounced changes nor developments in the realm of Plate Glass Insurance, but it has witnessed the growth of an earnest desire for co-operation and what appears to be a gradual decaying of the old principle of rate cutting to increase business; that is, with a few exceptions.

To hark back to the fall of 1910; the outlook was gloomy indeed and there seemed to be no immediate prospect of its brightening. The only association controlling rates and practices had suspended operations and its life was nearly extinct. New companies were in a formative process and this did not tend to improve matters. Judged from the past, it seemed useless to expect any co-operation until the new arrivals had secured enough business to have a protective agreement appeal to them.

However, in the January following, a movement war started which has, with a few pauses, continued and which at the present time bids fair to go on indefinitely. The impetus was gained by the formation of the Plate Glass Underwriters' Association; this proving a success, in May of 1911 the Plate Glass Service and Information Bureau was organized. This latter association governs the domestic happiness of Plate Glass underwriters in 30 States. While rumors of divorce have been in the air at times, nothing serious has developed and it now appears that the members of the parent association are on a better footing than ever.

MUCH YET TO BE DONE.

There is much to be done before the business reaches the plane on which it should have been placed years ago. Despite the fact that Plate Glass Insurance is one of the oldest of casualty insurances, it is still in its infancy so far as it may be considered a scientifically rated and conducted business. The principal idea with some seems to be to feel complacent if the result as a whole is satisfactory; to establish a scientific method of estimating costs is quite unnecessary.

It is an accepted fact, I believe, that the only safe, sane and businesslike method to follow is one which will provide a profit; this can be done in only one way—to sell insurance for more than it costs; to determine costs requires a little time, patience and expense, but the results obtained are more than compensatory for the outlay, they are invaluable. In view, also of the close scrutiny exercised by many of the Insurance Departments over rate making it behooves Plate Glass underwriters to adopt a system of rating which is not so susceptible of criticism as the one which is now in use.

The method followed, and seemingly with success, in other branches of casualty insurance could well be adopted here. Divide the business as a whole into as many parts as there are classes and charge against each division the losses occurring on each risk in such division. The result of this classifying of risks will show in time whether or not plate glass rates are equitably distributed. At the present time the plate glass underwriters, who have more than a slight idea of the relative merit of risks, appear in the minority. One is tempted to say that Plate Glass underwriting at the present time is founded on meagre information and belief and developed by

guesswork. The business is too important to be conducted on the hit or miss principles of to-day; probably in no other line of casualty insurance is so little attention paid to experience tables.

MAKING SURVEYS.

A plan which should be given careful consideration by the various companies interested in this line of insurance is that of providing for the elimination of waste in making surveys. This question has been the subject of some discussion and it is quite likely that the effect of the deliberations of a Committee which has been assigned to this subject will be the establishment of Central Survey or Inspection Bureaus in large centres which should prove to be of inestimable value to their subscribers. The establishment of these Bureaus will quite do away with the making of unnecessary surveys as unfortunately is the case at the present time. In large cities several companies are quite likely to be asked to bid on the same risk; each Company sends a surveyor to do the purely mechanical work of measuring the glass, while one accurate survey would suffice, and if that survey were made by the Bureau, it would be recognized as the official survey of all companies. As one survey is sufficient, why should more be made?

Should the plan of organizing Central Inspection Bureaus prove feasible, it is more than likely that their scope will be extended to cover the adjustment of losses which are also mechanical. The same advantage which should be derived from the establishment of a Central Inspection Bureau will without doubt be found here. The objections which have been raised in other branches of insurance to the establishment of a Central Loss Adjustment Bureau do not lie against the formation of such a Bureau for the adjustment of glass losses. The question of dealing with the personal element in the settlement of personal claims is not found in the settlement of glass breakages, the glass neither swells nor shrinks and the price of the commodity does not vary in any given locality. At the present time each Company sends its surveyors over the same ground that no doubt is being covered by other Companies. If the situation were dealt with by one Central Organization there would be a decided lessening of the present useless waste of time, labor and expenses.

CENTRALIZATION MEANS ECONOMY.

There is no question but what if the two Bureaus before referred to are organized and supported with that whole hearted feeling which such a movement naturally deserves, the resultant benefit not only to the public but to the Companies as well cannot be overestimated. It must be admitted that centralization of effort and labor of necessity means an economy in production. In the long run with the cost of production and expense of loss reduced to its proper minimum, rates could be reduced to such an extent that the general public would receive great benefit and the Companies would not suffer in the smallest degree. The history of our greatest organizations clearly points out that economy in production and elimination of all possible waste operate to the greatest profit. By no other means can the great industrial organizations about which we read be so successfully conducted.

The members of the Plate Glass Service and Information Bureau now and then come to the rough and rocky road made by the competition of non-mem-