

the agreement is the most important. It reads as follows:—

"Nothing herein or in the trusts herein declared shall confer on any policyholder or other person whatsoever having or alleging any claim or demand against any of the names (*i.e.*, Underwriters), whether in respect of the matters mentioned in Clause 1 hereof or otherwise, any right, title or equity whatsoever to participate in the Trust Fund, or to have any payment made to him thereout or any account rendered to him thereof, or to enquire into or call in question the administration of the trusts."

Under the Trust Deed and the guarantee therefor policyholders have no standing or right of action, and again it comes to this, that the Committee of Lloyds may say they hold £3,000,000 of securities, but it is useless to the policyholder if the particular Underwriter against whom he has a claim is a bankrupt or is unable to pay.

Insurance is not a business which should be carried on by an individual. If Lloyds Underwriters formed themselves into a company in which the whole of the

assets were available as security for every policyholder, the Company doubtless would be an excellent one, but as matters stand to-day the position is very unsatisfactory, and people taking a Lloyds policy are "buying a pig in a poke," for they have no means of ascertaining the financial position of the men to whom they are giving credit.

AN ORGANISED CONSPIRACY OF SILENCE.

There is this outstanding and to our mind significant fact, however—Lloyds Underwriters avoid every class of business where publicity is obligatory, and they never avail themselves of the straightforward and honest method set out in the Act of Parliament of depositing the comparatively small sum of £2,000 with the Board of Trade and of filing an annual statement.

The advantages and confidence which publicity begets are so great that we cannot believe the organised conspiracy of silence to which we have drawn attention is entered into for nothing.

THE CATASTROPHE HAZARD.

(By Theodore E. Gaty, Chairman Workmen's Compensation Service Bureau.)

The recent disaster in the Universal Colliery at Senbenydd, Wales, brings again to the attention of liability underwriters the ever-present disaster element under workmen's compensation insurance. Cable dispatches estimate the loss by this disaster at from \$350,000 to \$400,000.

In the inception of workmen's compensation insurance, progressive managers of liability insurance companies realized that it was essential that the stock companies should give full and not partial insurance, for the reason that the advocates of State insurance would undoubtedly bring to the attention of the public at large that stock insurance did not give full protection in case some disaster should result where a limited policy was issued by a stock company and the excess liability failed to be liquidated by reason of the inability of the employer to pay such excess liability because of insolvency. Therefore, these managers urged the stock companies to issue unlimited liability policies. In order that the smaller companies might issue such policies without great hazard to their assets, a reinsurance bureau was formed which takes care of the excess liability over \$25,000. In other words, the carrying company is only responsible for \$25,000, and the reinsurance bureau assumes the remainder of the liability, whatever it may be, under any disaster which may occur. The reinsurance bureau is sufficiently strong to take care of any disaster no matter how great it may be. The records have been searched in order to determine how much might be paid under any disaster.

PROBABLE COST OF RECENT DISASTERS.

In the case of the Brockton Shoe disaster which occurred some years ago at Brockton, Massachusetts, the loss under the Massachusetts Workmen's Compensation Act would have been in excess of \$500,000. In the case of the Triangle Cloak factory disaster in

New York, if the benefits under the New Jersey Act were applied, that disaster would have cost approximately \$300,000. The Binghamton, New York, disaster of recent date would have cost approximately \$150,000. As a matter of fact, there have been three disasters in the State of New York during the past four months which would have cost under the application of the New Jersey benefits from \$50,000 to \$150,000 each. Other disasters have occurred throughout the country during the past six months which would shake the financial stability of an average liability company if such company carried unlimited policies on the risks without reinsurance.

In the Universal Colliery disaster, three hundred and forty-three employees lost their lives. A calculation of the cost of such a disaster, if it occurred in Pennsylvania under the law proposed and discussed last winter in the Legislature, the benefits following closely those of New Jersey, would have cost approximately \$1,000,000.

RECKLESS UNDERWRITING.

In calculating workmen's compensation rates, the underwriters have undertaken to load the rates to take care of the disaster feature. The underwriters are confronted time and again by arguments on the part of so-called actuaries, who have not given the subject sufficient study, that the rates promulgated are entirely too high. These gentlemen seem to lose sight of the fact that there is a progressive increase in the cost of workmen's compensation insurance each year, and in addition they fail to appreciate that the premiums should be sufficient on the average to dispose of the catastrophe element.

Interinsurers are recklessly writing policies for unlimited coverage without any reinsurance whatever. Such associations are declaring dividends months before the expiring date of such policies on which such dividends have been paid. It must be appreciated that ultimately workmen's compensation insurance rates will be established on a sound basis, for many concerns will come to grief, and in the final analysis capable underwriters will come into their own by reason of their knowledge, of the conditions surrounding workmen's compensation insurance.