MR. H. B. F. BINGHAM

Mr. H. B. F. Bingham, well and favourably known throughout Canada for some years as Superintendent of the life department of the Phoenix of London, became general manager of the British Oak Insurance Company, London, England, on October 1st. This institution has a paid up capital of $1,250,000 and authorized capital $5,000,000. Mr. Bingham's many friends in Canada will wish him success in his new and important position. He will likely visit Canada in the near future.

MORAL HAZARD

In a recent article on this subject The Spectator one of our ablest insurance journals, has this to say:

"Another precaution which is taken by many fire underwriters is to investigate the character of the other tenants in a building in which they are offered a risk upon property of a party who is personally acceptable. There is always the chance that some party with an unsatisfactory fire record may be a close neighbor of the acceptable concern, and this fact might lead to the declination of the otherwise good risk.

"From the foregoing it will be seen that there are many definitions of the generic term 'moral hazard,' and there are many others which have not been touched upon in this article. In brief, it might be said that 'moral hazard' embraces every fact or condition, aside from a mere physical fire danger inherent in a property, which would have any influence upon the desirability of insuring the property, from the underwriter's viewpoint."

A man should not only keep his record clear, but look after his neighbor's, for in the insurance business also a man may be "judged by the company he keeps."

LOADING UP ACCIDENT POLICIES WITH FRILLS.

Our esteemed contemporary The Bulletin in its issue of October, 1918, is to be congratulated for timeously sounding a word of warning anent the practice of loading up accident insurance contracts with frills and extraneous special benefits.

It is pointed out in this journal that one or two companies ready to sacrifice everything to get volume of premiums have added these extraneous features instead of developing the policy along the lines of giving more real coverage. On reading further it is apparent that the purpose of the article is not to imply that more real coverage should be given in place of these frills, because it states later on that the addition of so many extaneous features has left no margin of safety in the premium.

It has been quite apparent for a number of years that the Personal Accident loss ratio has shown a distinct tendency to climb upwards and it is well known to underwriters that the accident ratio is greatest in places where work is performed at increased speed; in other words the accident ratio is directly related to speed of construction production or transportation. Whenever production changes for greater speed the accident ratio appears to have kept pace. In the matter of transportation the replacing of the horse by automobile has had a profound effect on the accident ratio.

The frills attached to the accident policy are for the most part old. They have played an important part right through the development of the business, commencing with the Limited Disease Clauses and double benefits for travel accidents.

It would be scarcely possible to blame one Company more than another for the introduction of these clauses. All Companies have been willing to add them to their policies. It has lately been apparent however, as the "Bulletin" aptly points out, that the safety margin in the matter of claims ratio has now been reached, and probably passed.

Whilst it was considered in the past that a very remote liability existed under these clauses and that it was worth assuming this for the advantage derived as "talking points", it is now found that an excessive claims ratio has been reached on the policy as a whole, and there is no longer a margin left to support the frills. Even at that some of the frills have been found not to be so profitable as they were believed.

In the earlier days the large American Companies led in the matter of frills, and to-day it might be said the reverse is the case. Those Companies with large volumes of premiums have been able to appraise the approximate value of each clause.

Many of the British and Canadian Companies operating in the Dominion maintain frills which the American Companies are discouraging. In the meantime certain American Companies believe they are well able to sell a policy excluding many of the usual features at a reduced premium and in some cases they are willing to add certain new indemnities, (particularly to the sickness form, by the addition of special benefits or by removing the limit of the period of disability) but for these new benefits an extra premium is obtained. As far as the American Companies are concerned it is interesting to note that the Beneficiary and Accumulation clauses are being less advertised than ever before, and in fact we do not believe the prospect would ever hear about them unless he brought the matter up himself.

It is particularly worthy of note that whilst the originators of certain frills appear to have drawn them up in such a way that there was little liability attached, these appear to have been copied and recopied into other contracts in such a way that they do represent a very heavy liability; for example, while some companies interpret Sunstroke, Freezing, Blood-poisoning, etc. as an accident, other policies are much more restricted in their wording and interpret them merely as bodily injuries. This, no doubt, arises from a tendency to meet apparent competition when no very real competition exists; that is to say by altering the form of wording (intentional or otherwise) a frill carries with it considerably more liability than applied to that of the original competitor.

However, the practice of giving more or less imaginary benefits is as bad as giving real benefits for nothing, and neither should find any place in accident business. The solution of the difficulty would be in the adoption of standard benefits, and it is impossible to understand what objection there can be on the part of any Company to such standardization.