

U.S. GOVERNMENT AND INSURANCE.

(New York Journal of Commerce.)

That the extension of Governmental activities into the business of insurance will be the reverse of beneficial to the public generally, is being clearly pointed out by experienced fire underwriters. George L. Shepley, of Providence, calls attention to the fact that under the Government system of insurance it becomes an expense on everybody in the general tax. Thus all rates are leveled and the well constructed and efficiently protected plant pays the pro rata tax for the indifferently protected and poorly constructed risk. Another feature of great importance to the general public is that the efficient insurance organizations and the corps of well educated and thoroughly trained inspectors and engineers which have been material factors in conserving the nation's resources, will be completely disorganized. Mr. Shepley, discussing the effect of Governmental absorption of insurance business, says to The Journal of Commerce:

"The Government may, in its power, take over the responsibility of the loss and damage to the various properties over which they assume control, and assess the expense on everybody in the general tax, but in doing so the carefully watched and protected plant pays the pro rata tax for the indifferent and mediocre properties. The good property, well protected and thoroughly cared for, pays an undue share of the expense of insuring the poor, for by the Government's method all rates are leveled. The highly protected, fire-resisting construction proposition lugs its pro rata share of the fire risk on the munition establishment, or the thousands of acres of flimsy cantonments scattered all over the country.

"Fire insurance, as it is handled to-day, is a highly specialized profession. The War Department recently ruled that the insurance business was essential. The great corps of well educated and thoroughly trained inspectors and engineers are doing their bit to conserve the nation's resources. In case of great disaster, promptness of payment by the underwriters has been a marked assistance in the distressed communities. We are told, however, that there are many departments of our Government where this virtue of prompt payment is neither understood nor applied; and as we all well know, claims against the Government bear no interest. I fail to see where the Government or the citizens of the country are to be benefitted by the sacrifice of the insurance profession, or any part of it.

"As has been shown in the grain pool that has been formed, the companies are willing to take up and distribute this great burden among themselves, and to care for the business in a thoroughly efficient manner, inspecting and looking after the physical hazard as should be done. Of course, the Government has in the past pursued the course of carrying its own risk on its own properties. As a rule they have been well constructed, and are detached, and in some instances carefully protected, and the distribution of the fire cost is a nominal expense. However, the assumption by the central Government, broadcast, of the responsibility for tremendous accumulations of value, as is evolved in some of the undertakings they have assumed, would make an underwriter shudder, and it ought not to be done.

"The liability companies, in turn, have formed an organization to assume those risks, which, on account of the accumulation of disaster to human life, would make their being carried by a single company impracticable. Frequently where the Government's risks seemingly need increased protection the suggestions made by underwriters as to their improvement have not been kindly received by those in charge. The

Government officials are exceedingly busy with the great responsibilities which are thrust upon them, and it would seemingly be unnecessary to create fresh enterprises and add additional burdens to their own organization, which is already loaded close to 100 per cent of its efficiency.

"If the Government is not content with the methods now in use by the underwriter and feels that additional indemnity should be granted, let them say so, and any criticism that they may make will be heeded. Personally, I feel that the companies have not been as considerate along these lines as they should have been, and that they have shirked responsibility of which they should have been more eager to have assumed their share, and they have allowed their prejudices to interfere with their business, and if we do confront any such condition as is feared by many, we have a certain part of responsibility to be placed on our shoulders.

"Another thing may be said, and that is, as many of us know, the Government is not as prompt in the payment of its obligations as they force people to be when money is due them. Prolonged delays not infrequently occur, even when accounts have been approved for payment. In cases of great conflagrations, where a great many millions are involved, the insurance companies uniformly have made a practice of meeting all claims promptly, and of turning ready money into the hands of their claimants as speedily as possible, to relieve the distress that the delay would surely bring about.

"Of course, the Government can insure if it desires, and assess a rate varying according to the hazard of the property involved, and thus relieve themselves, to a certain extent, from assessing the fire loss or damage in the general tax. However, this would require a special organization. It would not be practicable to handle it through the post office, and a sad tangle, embarrassing to all classes of business, would be sure to result. The Government, the State and central governments derive a large income from the insurance business as it is now carried on. This, of course, would be lost if the insurance business should be administered by the Government.

"The great majority of the insurance companies are willing to do all they can to uphold the hands of the Government. There are many offices, however, we believe, that are not doing all they could, or should. It is difficult to secure the proper amount of insurance on many munition plants. This is not as it should be, and the underwriters themselves should rise to the situation, stop criticism, and do their part.

"The fire companies are seeking to reduce the tremendous fire waste to the best of their ability; and the liability companies are continuously studying methods for reducing the loss to life and the prevention as best can be done, of physical damage. There are many underwriters making a constant and close study of these matters, and they are doing their bit on behalf of the country as conscientiously as they can. The underwriter who is a slacker and who is not doing his part ought to be admonished, and if this does no good, other steps should be taken to bring him in line, and make the capital that he handles more productive of good than it has been in the past. There is no reason for any shortage of insurance, I believe, except in most extreme cases, and even in those, methods can be devised to care for them."

W. A. BISHOP, the famous Canadian aviator, has been promoted and is now Lieut.-Col. Bishop, V.C., D.S.O., D.F.C. and M.C. Bishop is Canada's most famous aviator, and one of the world's most successful aerial fighters. He was born at Owen Sound, Ont., was educated at the Royal Military College, and went overseas in the infantry later being transferred to the flying service.

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