University of Richmond UR Scholarship Repository

Master's Theses Student Research

4-1-1948

Modern fire insurance

Charles Allen Levey

Follow this and additional works at: http://scholarship.richmond.edu/masters-theses

Recommended Citation

Levey, Charles Allen, "Modern fire insurance" (1948). Master's Theses. Paper 48.

This Thesis is brought to you for free and open access by the Student Research at UR Scholarship Repository. It has been accepted for inclusion in Master's Theses by an authorized administrator of UR Scholarship Repository. For more information, please contact scholarshiprepository@richmond.edu.

MODERN FIRE INSURANCE

 $\mathbf{B}\mathbf{Y}$

CHARLES ALLEN LEVEY

A THESIS
SUBMITTED TO THE GRADUATE FACULTY
OF THE UNIVERSITY OF RICHMOND
IN CANDIDACY
FOR THE DEGREE OF
MASTER OF SCIENCE IN BUSINESS ADMINISTRATION

It is not the purpose of this thesis to provide a dissertation on the inner workings of a fire insurance policy. That has been done many times in the past by persons far more capable. In fact, that has been almost the sole approach used in writing in the fire insurance field.

The attempt is rather to provide a different approach to the business.....that of the agent, the fieldman, and the production staff.

It has been necessary to define the terms to be used just as in any other project. However, the space and effort given to the technical portions of the contract and the historical background is for the purpose of providing the foundation upon which to build the thesis, and not the thesis itself.

A manufactured product is of little utility until it reaches its ultimate consumer or user. This is likewise true of fire insurance......The company can develop the finest coverages in the world but they are no use until sold to the owner of property. Therefore, this study and paper

views the entire fire insurance industry from the position of those who are delivering fire insurance protection to the public.

I am indebted to Mr. George C. Henke of the Virginia Fire and Marine Insurance Co. for much assistance in the preparation of the bibliography and for numerous suggestions as to the method of approach. Mr. Warren F. Curtis of Richmond, Virginia was of great assistance with his criticism of the material included.

Charles A. Levey

Richmond, Virginia April 3, 1948

TABLE OF CONTENTS

Chapter Preface	Page 1
Introduction	1
I. History of Fire Insurance	5
II. Governmental Regulation of Fire Insurance	22
III. The Standard Policy	28
IV. Endorsements	3 5
V. Organization of a Capital Stock Company	40
VI. Non-Stock Competition	4 8
VII. Company Sales Organizations	57
VIII. The Fieldman	64
IX. The Local Agent	74
X. What the Agent Has to Sell	86
XI. Survey Selling	98
XII. Special Services	113
XIII. Trade Organizations and Associations	118
XIV. Conclusion	132
Bibliography	
Vita	

INTRODUCTION

Principles of Fire Insurance

Introduction

Principles and Functions of Fire Insurance

In any type of insurance the insurer agrees to assume a risk of loss for a consideration of money; this consideration is called the premium. It is possible for this to be done on a profitable basis because of the law of large numbers which affects those risks which are insurable. When a company has a sufficient number of exposures for this natural law to function, the number and amount of losses becomes a fairly constant factor,

¹⁻Ackerman, Lawrence J. and Bugli, Ralph W., Risks We Face, New York: Prentice-Hall, Inc., 1944 p.1

provided the exposures are all of approximately the same degree. Consequently, when an individual purchases insurance he exchanges a large possible loss for a small certain loss (the premium).

It has been, and probably will be for many years, an argument that insurance is gambling. That, for instance, the house owner wagers \$20 that his house will burn in the next three years and the insurance company wagers \$3000 that it will not. When stated in this fashion it would seem very likely that the argument is valid. But closer examination of this reasoning proves that insurance is not gambling, since gambling creates risk while insurance transfers it.

When a person takes out an insurance policy, he is transferring a risk or uncertainty to the insurance company. For accepting this risk, which becomes a certainty when pooled with all the risks on the books of the company, the insurance company is paid a sum of money, the premium.

A fundamental principle of insurance is that a risk of financial loss is the only type of risk which may be insured. That is, a person cannot insure a rough stool

²⁻Mowbray, A. H., <u>Insurance</u>, New York: McGraw-Hill Book Co., 1937 p.29

made by a child for some tremendous sum stating that it has sentimental value. No value can be placed on sentiment.

Another principle is that if a piece of property should be insured for more than its sound value, the insurer is liable for only the actual value.

Through tradition, usage, and good business practice, the insurance policy is a contract between the insurer usually an insurance company and the insured.

This contract is a personal contract between the insured and the insurer. The property which is subject to loss, is simply the subject of insurance and is not insured itself. The only thing insured is the interest the insured has in the property.

When beginning to consider the fire insurance industry from the view of the producer it must be realized that the produce----the protection from loss by fire---- is one of the most important factors in our modern economy. In every way we depend on the extension of credit to expedite the flow of commerce. Without credit we would be able to purchase only to the amount of cash we owned personally. Under such conditions we would be so restricted that the situation is almost beyond comprehension. However, that is probably the very thing which would happen if suddenly all the fire insurance business were eliminated. When ever a loan is made the

lender may lay a legal claim to property of the debtor to see that he is made whole in case of a default. If the protection of fire insurance were eliminated, the whole system of credit would be radically changed and along with it our economy. Chapter I

History of Fire Insurance

Chapter I

History of Insurance

As man, in even his primitive state, learned to build houses and collect property, he realized that the free which coked his food and provided his heat could also be his enemy and reduce to ashes the accumulated property which was his wealth. While there is no way to prove the fact, it is probable that the others in the community contributed to help out those who were unfortunate enough to suffer loss through fire.

The Code of Hammurabi shows that as far back as 2285 BC the King of Babylon recognized the need of sharing the losses by fire. The following quotation bears this out: "If the brigand has not been caught, the man who has been despoiled shall recount before God what he has lost and the city and the governor in whose land the district the brigandage took place shall render back to him whatsoever of his was lost." The "Brand gilden" of Germany in the fifteenth century was a mutual system whereby the members made periodic contributions to pay

for the losses by fire, water, robbery and other calamity.

Some of these systems are still in existence, apparently,

in the form of local fire insurance mutual associations.

Fire insurance, as we know it today, began to develop after the London fire in 1666. This fire was the most disasterous in recorded history. It burned for four days and nights, burned over 436 acres of land and destroyed 13,000 buildings. This forcibly brought to the attention of the people the need of some form of protection against the loss which can develop from a conflagration.

started in the following year by Dr. Nicholas Barbon. He announced that he would write insurance on buildings. This business seems to have been fairly successful and in 1680 he took in other partners and opened the "Fire Office." The rating system of this concern was to charge 2½% of the rental for frame houses. The fact that the rental value was to be considered to be about 10% of the value of the house was an arbitrary gauge for the premium 2 charge.

The first semi-modern mutual fire insurance

¹⁻Minor, C. D., <u>Fire Insurance Extension Course</u>, New York: Royal-Liverpool Group 1938 Lecture 2, p.5 2-Ibid., p.6

company was organized in Lendon in 1683, under the name of the Friendly Society. This society was the first to make a differentiation between the various types of construction. Those members who were insuring frame buildings had to pay a greater premium than those insuring brick buildings. While this organization had many of the features found in modern mutual insurance, it cannot be called a mutual company in the sense that they are known today, since the promoters retained a portion of the profits for themselves.

The first company to insure stocks of goods and merchandise was founded in 1706 by Charles Povey. In the past all insurance had been on buildings and almost exclusively on dwellings. This venture was met with such scepticism and, though operations were extended over all of Great Britain and Ireland, it was not very successful. In 1710, Povey founded another company which absorbed the first and continued operations under the name the Sun Fire Office. This company still exists today as one of the most prominent fire insurance companies in the world.

During the seventeenth and eighteenth centuries the coffee houses of London became the important meeting places for business men. Those interested in certain types of

^{3-&}lt;u>Ibid</u>., p. 7

business knew they could find others in the same business in particular coffee houses. Edward Lloyd's coffee house became one of the most important of the meeting places for the seafaring merchants and those interested in commercial enterprises. It became the natural thing that there was much marine insurance written at Lloyd's coffee house by the individual underwriters. The marine insurance underwriters who did business at Lloyd's finally organized so that the methods and practices would be more uniform. Though the place of operation has been changed many times during the years, the name of Lloyd's has followed them. It is true that the primary business of the Lloyd's underwriters is marine insurance, but they will insure practically all risks except the loss of life by natural means. Lloyd's still operates on its original basis. Each underwriter is an indibidual with his own capital, / but subject to the regulations made to govern the organization. The organization is on the basis of limit- /. ed partnership. Each individual has the right to accept or reject each offering, and each policy issued is signed by each subscriber and the amount of his commitment is noted opposite his name.

The Royal Exchange Insurance Company was founded

⁴⁻Winter, William D., <u>Marine Insurance</u>, New York: McGraw Mill Book Co., 1919 p. 27

in 1717 and after many changes still exists as one of the large companies today. The London Assurance Corporation was founded in 1720 and is also one of the large companies still in existence.

with the advent of these two modern insurance companies fire insurance had its real beginning. The next century saw the establishment of many other companies. Some of these have come down to our time, others have fallen along the way or been absorbed by the other growing companies. The development in other countries of Europe was considerably slower than in England and has not contributed greatly to the industry.

As the American Colonies developed there must have been some demand for insurance protection. However there is no record to prove this. More than likely there was insurance available in a limited amount in the British insurance companies. In 1721 John Copson announced that he would open an insurance office in Philadelphia. This was the first printed mention of insurance in the colonies, of which we have any record. There is nothich available to show that operation was ever begun by Copson. The only thing we know is that the announcement was made. The risks accepted may have been placed with an English company.

⁵⁻Ibid., p. 29ff

About this same time, we do know that the city of Philadelphia became very must interested in the problem of fire fighting and the protection of property through organized effort. The available information shows that in 1730, the purchase of three fire engines, four thousand buckets, twenty ladders, and twenty-five hooks was authorized by the city. For many years Philadelphia was the leading city from the view of fire protection.

The first fire insurance company to be organized in America on a stable basis was the Philadelphia Contributionship which was founded in 1752. Although he does not appear to have taken a very great part in the operation of this company, it is quite evident that Benjamin Franklin had a very instrumental part in the founding of the company. Doubtless his great prestige was important to its early success. The contributor in this company deposited a sum of money, the interest from which, was sufficient to pay the insured's portion of the losses. The policy was a perpetual policy. The insurance remained in force as long as the insured owned the property insured. The Philadelphia Contributionship is still in existence today and is regarded as one of the soundest insurance companies in this country.

⁶⁻Minor, op. cit., p. 8f 7-Ibid., p. 9

When in 1781, the Philadelphia Contributionship decided that it was unprofitable to insure dwellings which had shade trees in front, the Mutual Assurance Company was founded by those who withdrew. This company was founded in 1784 and agreed to insure houses with shade trees, but at an increased premium charge. This company was on the same basis as the Contributionship and is still operating today.

After this success in the fire insurance line in Philadelphia, a company was organized along similar lines in Baltimore. This company, known as the Baltimore Equitable Society, was founded in 1794 and is still in existence today. It was one of very few purely local companies to survive the Baltimore conflagration of 1904. This has given us another proof of the fact that there should be a large geographic spread of risks.

Another indication which proves that Philadelphia was the insurance and commercial center of the young colonies was the founding of still another early insurance company in the city of brotherly love. For in 1792 the Insurance Company of North America was founded in Independence Hall. It was, at first, a marine insurance company but it extended its operation to the fire insurance field in 1794.

⁸⁻loc. cit.

There were many fire insurance societies and companies organized in all of the colonies from this time onward but only a few are still in existence. Most of them functioned for a number of years, only to be absorbed by growing companies. Those founded in and around Philadelphia were not the only companies but they were the most successful. Philadelphia was the center of colonial and early American commerce and insurance depends on commerce to a large degree. It is not necessary to go into the details of the founding of the many companies which came with the turn of the nineteenth century but rather for general information those which have survived to the present will be listed. They are:

The Mutual Insurance Company (New York City) 1787 (changed to Knickerbocker Fire Insurance Company 1846)

Columbian Insurance Company of New York 1790

Providence Washington Insurance Company 1799

Eagle Fire Insurance Company 1806

Hartford Fire Insurance Company 1810

Albany Insurance Company 1811

Newark Fire Insurance Company 1811

Fire Association of Philadelphia 1817

Aetna Insurance Company 1819

North River Insurance Company 1822

United States Fire Insurance Company 1824

Pennsylvania Fire Insurance Company 1825

New Brunswick Fire Insurance Company 1826

Franklin Fire Insurance Company 1829

Potomac Insurance Company of the District of Columbia 1831

Virginia Fire and Marine Insurance Company 1832

County Fire Insurance Company 1832

New York Fire Insurance Company 1832

These companies which are listed above are, of course, stock companies. There are no doubt many fire insurance mutual companies which were founded during this period but their operation did not seriously affect the growth of the stock companies.

Hartford, Connecticut, is a great insurance center.

This can probably be credited to Jeremiah Wadsworth, a
banker, who went from Philadelphia to Hartford. He doubtless
learned the advantages of insurance while engaged in his
banking activities in Philadelphia and was active in the
founding of the first insurance company in Hartford.

The interest which he helped to create in insurance among
the people of Hartford continued to grow and several
insurance companies were founded in the years following.

The great conglagration of 1835 in New York served to
cripple or wreck practically every fire insurance
company domiciled there. The companies organized in

⁹⁻Ibid., p. 10 f.

Philadelphia for the large part remained local for many years and that left the field open to those of Hartford to grow and expand with the early stages of the Industrial Revolution. This important position naturally attracted other companies to the Hartford area. Although other areas, notable New York, have grown to be even larger insurance centers, Hartford has continued to maintain throughout the years its important position in the insurance industry.

been in existence for over 100 years it can easily be seen that fire insurance, as such, is a reasonably well aged factor in our economic system. However, it has been the growth over the years of industrialization which has made the fire insurance business the tremendous thing that it is. A half-century ago the insurable values were far below those of today, and the resources of the companies were extremely limited. Only three American companies had capital and surplus combined which totaled more than \$\infty\$5,000,000 and only two had premium volumes over \$\infty\$5,000,000. In 1896 the total of all fire and marine premiums in the United States (stock and Eutual companies was about \$\infty\$160,000,000.

In the last half-century, more scientific improvements and progress have been made than during the entire

previous period of recorded history. All this has lead to a much higher standard of living with greater insurable While, during this period, the population of the country has approximately doubled, the insurance business The premiums have has grown at many times that rate. increased from the aforementioned \$160,000,000 to about \$1.850.000.000 or slightly more than ten times. At the end of 1896 all domestic fire and marine companies had combined assets of about \$385,500,000 and surplus of about \$218,000,000. At the end of 1946 it was estimated that the assets of the fire and marine companies was \$4,650,000,000 and the surplus \$2,3000,000,000. Again, both these figures are about ten times what they were fifty years ago. An interesting sidelight at this point is that the average fire insurance rate has dropped from 01.70 to \$.57. a saving to the policy holders of many billions of dollars. Of course, a fundamental factor in this rate decrease has been the improvements which have been made in the degree of protection which has been given to the various municipal areas and the scientific improvements in building construction and private protection. Another factor in this has been the many improvements which have been made in the methods of setting fire insurance rates. Fifty years ago, the rates were practically all set by personal judgement. Today the

various factors which affect the possibility of fire

loss have all been thoroughly studied and weighed so

that the rates are for the most part made on a

scientific and equitable basis. Another factor which

has been of great importance in the reduction of the fire

insurance rates has been the fact that the volume of

coverage has increased so greatly. With the volume going

up, the probable error in the rates has been going down.

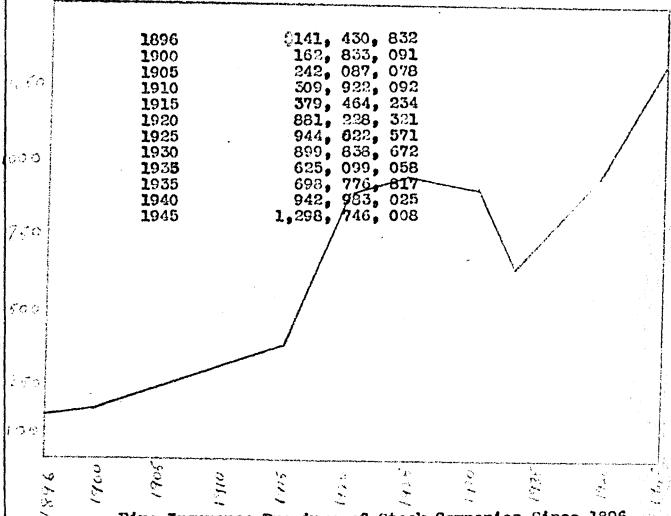
This has made it possible for the companies to promulgate much

more affurate rates.

One of the most striking things which has resulted in the last fifty years of fire insurance has been the continuing broadeding of the coverages offered by the carriers. For the most part, the coverage prior to the last half-century was simply fire indemnity for property damage. Since then, have come the many consequential loss coverages and the many variations on the standard policy which are necessary to provide the protection desired and needed by the insuring public.

An example of this growth in the coverages offered by the carriers is the coverage known in most cases as Use and Occupancy or Business Interruption Insurance. This coverage is today one of the most important forms of

¹⁰⁻The National Underwriter, sp.ed. Fiftieth Anniversary, New York: National Underwriter Co. 1947 p. 26f



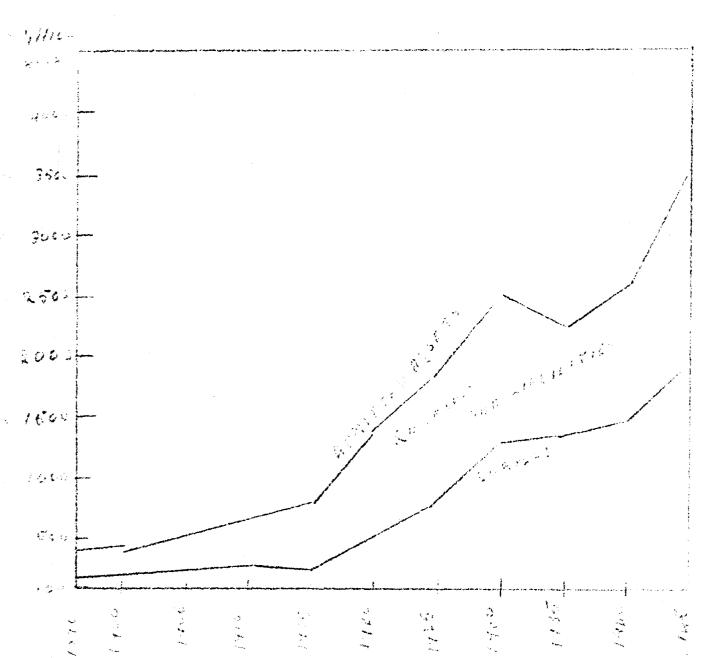
Fire Insurance Premiums of Stock Companies Since 1896

The National Underwriter, op. cit., p. 38

protection available to businesses and manufacturers and yet it did not come into existence until slightly more than seventy years ago. This coverage was dveloped by a New England broker, Henry R. Dalton, who had lost to the mutual companies most of the business which he had had with the textile mills. In an effort to replace this business he devised the U & O policy in conjunction with A. W. Dalton, then secretary of the Washington Fire and Marine Co. of Boston. Of course, this form has been changed and elaborated upon, but it is still the same fundamental coverage which was developed by an imaginative man to fill a need which was not available on the standard form. It seems that, the insurance companies have been reluctant to bring out experimental forms until there is a demand for them to do so existing on the market. The pressure which has been on for insurance against the many insurable risks has done much to help the growth of the fire insurance industry.

The principle of state regulation of rates is another factor which has come out of the last fifty years. So far as can be determined the first state law regulating insurance rates to any degree was passed in Kansas in 1909 and was based on an effort to provide rates which

¹¹⁻Foster, W. S., Consequential Coverages, Indianapolis; The Rough Notes Co., 1936 p. 19f



Fire Insurance Assets, Reserves, and Surplus

The National Underwriter, op. cit., p.27

should be adequate but not excessive or discriminatory.

This rating system has proved to be a practical thing and since t the enactment of the New York rating law in 1922 practically all states have passed rating and control laws of varying 12 degrees of stringency and efficiency.

Another factor which has very greatly affected the growth of the fire insurance industry has been the many rapid improvement in the methods and quality of transportation. This growth in transportation has had a two-fold effect on fire insurance. First, it has brought about the more rapid transportation of the goods which are often the subject of insurance. This has brought demands for different types of insurance which has meant that the industry must modernize along with industrial change. Secondly, this change in transportation has made the spheres of operation for companies, agencies, and individuals much larger in distances and shorter in time.

Both of these important developments in transportation have been of primary importance to the fieldmen and the agents who are the contacts for the companies with the insuring public. In the first case, the agents and fieldmen have been corced to call upon their ingenuity to change and develop the existing forms and policies to meet the needs

¹²⁻The National Underwriter, op. cit., p. 29

of the insureds. These men, who are in direct contact with the consumers of insurance must cope with changing conditions with their knowledge of the business and their imagination long before there have been policy forms prepared for the particular circumstances. The source of new forms is the tailormade policy which is developed in the field to meet the new conditions. When these typewritten forms are generally accepted the companies finally realize the need for the coverage and prepare standard forms to be 13 used.

In the second case the distances between points have some to mean less and less. Fifty years ago a trip of three hundred miles was a rarity. Today the fieldman's territory is usually set up so that he must often travel that far many times during the month to be able to maintain his agency contacts. But fifty years ago a three hundred mile trip (except in the industrially developed areas), was an arduous journey by railroad for two days and then by horse to the particular point which the fieldman wished to visit, while today the fieldman can drive the three hundred miles to practically any point and be there in six to eight hours and be very little more tired than he would be if he had put in the same amount of time in his office.

¹³⁻cf. ante, p. 15

Improved communications have also had much to do with the changes in the field systems of the insurance business. It is true that fifty years ago the telegraph was well established but its contact with the small, out of the way, points was dependent on the railroad. there was no railroad, there was no telegraph. The mails were extremely slow even along the mail communication arteries. Today the telegraph and telephone connect practically all but the most remote points. improved railroads, and motor transport and airmail the mail gets through to all points in very short time. All these communication factors have served to greatly improve the methods of the insurance industry and at the same time accelerate it along with the rest of industry. This acceleration has served to eliminate some of the responsibility of the fieldman in the last century and at the same time has given him many more responsibilities which the demands for time have forced upon him.

¹⁴⁻The National Underwriter, op. cit., p. 31ff

Chapter II

Governmental Regulation of Fire Insurance

Chapter II

Governmental Regulation of Insurance

Insurance is essentially a public service industry and, as such, has been subject to a great deal of regulation by various governmental organizations. This is much the same as the railroads, telephone, electric power and other public utility companies. The insurance business has felt the impact of this more than many others because of the nature of the public service features inherent in it.

The regulation of the insurance business dates back many years. The first known insurance code was drawn up in Barcelona in 1435. It was designed to prevent the abuses which had developed in the preparation of the insurance contracts at that time. There were several insurance coded developed by local authorities during the early Renaissance period, but there was bery little else. In England there was nothing other than the regulation of insurance by a private monopoly. There seems

to have been nothing done after this monopoly was appointed by the throne about 1574, until after the American Revolution.

In the United States the practice developed to include regulatory provisions in the special charters granted to the early insurance companies. These provisions usually referred to the capital structure of the corporation, the method of investing corporate funds, required reports to certain state officials, required the publication of periodic financial statements, and some of them required deposits of securities with some designated state official. The entire intent of these regulations seems to have been to make the information available to the public so that they could choose for themselves. Presumable it was believed that the public would avoid the unsound carriers and would automatically bring about the death of such corporations.

Since insurance carriers develop considerable revenue in premiums and amass substantial assets, it was natural for the states to realize that this was a source of lucrative tax income. Attention was first attracted to the insurance industry as a source of income in 1824, when New York passed a tax on fire insurance companies incorporated in other states doing business in New York. This

¹⁻Mowbray, op. cit., p. 462f

tax was 10 % of the premiums written in that state.

By the midle of the nineteenth century a number of states had passed such taxation laws either on foreign or domestic companies. These tax laws served to help regulate the insurance business in that they required the regular filing of statements and compliance with the laws of reporting earnings.

With the growth of American industry in the last century, most states passed general incorporation laws. These laws had in them requirements which had to be met before the companies could receive their carters. Host of them carried over many of the requirements which were found in the early separate incorporation charters.

Massachusetts established the first Insurance
Department in 1858. This was under the supervision of
two full time salaried commissioners. This lead was
followed by New York state in the following year
and today the New York Insurance Department, presided
over by a Superintendent, is the most important single
factor in modern insurance regulation.

The Massachusetts Insurance Department, for all that it is no longer the foremost, set the example for all the states in its early days. Their reports dealing with

^{2-&}lt;u>Ibid</u>., p. 464f

life insurance, primarily, are still considered classics. The vigor of the style of these reports and the firmness with which abuses were denounced and recommendations made for changes are still the examples for the Insurance Departments of the various states. One of the most important steps made by this first insurance Department was succeeding in getting a statute passed by the legislature requiring the insurance companies to keep reserves based on the net premiums written.

During the next few years after Massachusetts and new York passed their laws setting up Insurance Departments, several other states followed the example and established Insurance Departments to supervise the operations. With the formation of these departments it became obvious that there would have to be some way for the various state officials to cooperate to avoid conflict in requirements and needless confusion. This need became even more obvious when transportation and communication improved and the companies began to expand their operations In 1871, the National Convention of into other states. Insurance Commissioners was formed so that the commissioners might be able to meet and discuss their problems. Now called the National Association of

³⁻Ibid., p. 468 ff

Insurance Commissioners, the body has met at least annually since it was first founded, and has greatly extended its activities from its original intentions.

The Association has done much to see that the states have uniform laws governing insurance, ture, they have not been completely successful; but they have been instrumental in the passage of the laws which are now on the books. The unity of action in inspection of insurance company activities has also been very important. They now accept the inspection of one state for all states, thus avoiding the necessity for inspection by all states.

In addition to carefully regulating the organization and operation of insurance companies, most states regulate the investment of capital and funds, the classes of insurance the companies may write, reinsurance, standard policy provisions, and the linensing of agents and brokers. The latter, licensing of agents and brokers, is one of the phases of the regulatory law which quite naturally affects the sale of insurance. The laws usually define the status of agents and brokers and the qualifications which must be met for licensing by the Commissioner of Insurance.

In fire insurance, the rating and inspection bureaus are rapidly becoming extremely important. It has been realized that some type of centrol over the rating structure

was necessary. Thirteen states and Hawaii have statutes requiring the companies to maintain or be a member of a rating bureau. Three of these states have established by law a single rating bureau which all the companies must belong to and maintain. Eleven other states permit the companies to maintain rating bureaus. In a number of other states, in the absence of regulation, many of the companies use rating bureaus or common experts.

These rating and inspection bureaus serve to eliminate the discrimination in rates and forms which had been so prevalent in the insurance business in the past. True, they have taken practically all the price competition out of the fire insurance business for the capital stock companies, but this is just what they are designed to do. Competition, where the rates are regulated, is on a basis of service to the public. This put some burden on the company fieldmen and the agents, but it also makes it possible for the efficient personnel to build up and hold very large accounts on sound competitive bases. These changes and regulations which have served to put insurance competition on the basis of services are responsible to a very great degree for the many developments in insurance which are explained throughout this paper.

⁴⁻Reigel, Robert and Miller, Jerome S., <u>Insurance</u> <u>Principles and Practices</u>, New York; Prentice-Hall, Inc., 1947 p. 491

Chapter III

The Standard Policy

Chapter III

The Standard Policy

In the course of the development of the fire insurance industry, each company prepared its own policies and Many of these forms were not made in the best of faith and some of them were out and out frauds. In addition to the misunderstandings and misrepresentations which came with the early growth of the business, there was the confusion which resulted from each company having different Many times there were several companies insuring the same property with different policies so that the insured often suffered from the varying interpretations of the There was, also, no way in which the courts policies. could develop matters of precedent since each company had a somewhat different wording of the various portions of the policy.

To cope with this unsatisfactory condition the State of Massachusetts finally developed a standard policy which was to be the basis of all fire insurance contracts.

This policy, created in 1873, was the only permissible form to be used in that state. In 1886 the state of New York developed the New York standard policy, which was the basis of most standard policies in later years.

Since the time of the first standard policy the form has been changed several times. The 1918 New York policy was accepted by many states. In 1943 a new standard policy was developed since the courts had handed down so many rulings on the 1918 form which fundamentally changed the meaning of the policy. This 1943 New York standard policy has been adopted with very little modification in forty states. Those states which do not use this policy are: California, Iowa, Kansas, Maine, Massachusetts, Minnesota, New Hampshire, and Texas.

The policy form may be broken down into the following general classifications:

- 1. The parties to the contract
- 2. The risk assumed
- 3, The term of the contract, renewal, and cancellation
- 4. Description of the property insured
- 5. Other insurance on the same property
- 6. Provisions applying after a loss has occured
- 7. Endorsements granting special privileges or imposing special restrictions. 2

¹⁻Reigel and Hiller, op. cit., p. 351f
2-Huebner, S. S., Property Insurance, New 1

²⁻Huebner, S. S., Property Insurance, New York: D. Appleton-Century Company Company, 1938 p. 33

Probably one of the most important of the basic principles of insurance is that there must be an insurable interest. An insurable interest can be defined as a monetary interest in the property to be insured such that the insured would stand to suffer a loss should destruction or damage of the insured property occur because of the hazard insured against. Insurable interest in the simplest form is, of course, the ownership of the property in fee simple; however, it can take many varied forms. person may take out insurance to protect himself from loss because he has a right to life tenancy of a piece of property, or he may take out insurance to protect himself from loss of rents should property he is subletting be destroyed. It is also a valid insurable interest found in the ownership of an equity share of a business. case however there are many complications).

In fire insurance, the insured need have no insurable interest at the time the policy is written for the policy to be a valid contract of insurance. However, he must have an insurable interest in the proptety at the time of loss in order that he may collect any benefits under his insurance. This determination of the law has been primarily to cover on the reporting form policies and stock coverages in which the property insured is constantly changing.

³⁻Ibid., p. 40 ff

It would be impossible to write such insurance if insurable interest had to exist at the time the policy is written. Of course, this does not mean that an insurance company would be very anxious to write a policy on some one else's property just because you said you wished to acquire it later. Due to the unusual circumstances, they would be very suspicious and might even decline to write the insurance until an interest could be proved.

There are numerous reasons given for the requirement of an insurable interest in the property at the time of loss. However, the most important is the very nature of insurance. That is, insurance is the transfer of an existing risk to the company, in consideration of a premium. The moral hazard is also very much increased should a person be allowed to insure property in which he had no interest. If a person stands to suffer no loss in case of a fire and stands to gain the amount of the insurance, he is very much more likely to be tempted to arson. Since there has been no way found to determine the moral hazard, the companies are going to demand that there be a proved insurable interest to protect themselves.

In fire insurance it is not the property which is insured, it is the interest which the person has in the property which is insured. Therefore, if a person had a policy on a house and sold the house, the policy would

not follow the property since it covered the interest of the original owners, which no longer existed. However, the policy may be transferred to the new owners if it is approved by the company in the form of an endorsement. This gives the company the opportunity to investigate the new owners and check their records to find anything which might not be satisfactory, such as a suspicious fire record.

Any claims or liens against the property must also be reported to the company in the form of endorsements.

There are standard endorsements which are used in most cases.

These are the Mortgagee Endorsements and the Loss Payable

Clauses.

The companies' liability under the standard fire insurance policy if very carefully defined. It amounts to:

- 1. The company is liable only to the extent of the cash value of the loss.
- 2. That proper deduction must be made for depreciation.
- 3. That the value must not exceed the cost of repairing.
- 4. That the costs of repairing shall not take into consideration ordinances which require more expensive types of construction.
- 5. That the company is not liable for losses due to business interruption.
- 6. That liability is limited to the amount stipulated as the face of the policy.

- 7. That the protection is extended to any place to which the property is removed to protect it from damage in the case of fire, for five days.
- 8. That the company shall not be liable for more than its proportionate share if there should be other insurance on the same property."

Under the standard fire insurance policy, both the company and the insured reserve the right to cancel the policy at any time by a provision which states that either party to the contract may cancel the policy at any time without giving any reason. In most states the company is required to give the insured five or ten days notice during which time the insured can obtain protection from some other source.

^{4-&}lt;u>Ibid.</u>, p. 135 5-<u>Ibid.</u>, p. 167

Chapter IV

Endorsements

Chapter IV

Endorsements

In the absence of a statutory policy form, the insurer and the insured may make may insurance contract they can decide upon. However it has become the practice in practically all states for the policy to be established by act of legislation. It is this standard fire insurance policy which we have been concerned with, so far, since it is the basis upon which the entire industry is built.

This standard policy does not fill all the requirements which are to be met in the writing of fire insurance. It is simply designed to eliminate these various forms which were not in the public interest. To adapt the standard policy to the many situations which are found daily, there are many endorsements which amend the contract to meet particular conditions.

The various endorsements which have become relatively standard fall into the following classes: 1. Permits,

2. decreasing the liability or hazard, 3. increasing the

clauses, and 6. limiting the amount payable. Each of these clauses change the standard policy by either deleting a clause or supplementing a clause which is already there.

There are also a group of endorsements which are called These add something to the forms rather than clauses. policy which is not in the standard fire policy. intents and purposes these forms are different types of coverages. They can be divided into two parts. The first part is those endorsements which describe the property or the ownerships. There is no space on the standard policy to give these descriptions, and yet they must be stated very definitely, hence the endorsements. These forms have become standard to a great extent. There are now standard forms for dwellings under protection, dwellings not under protection, farms, mercantile building and contents, apartments, etc. However there is no way to standardize a group of forms to meet all the situations which develop in the insurance business, therefore there are still many forms which must be prepared for the particular case. These tailor-made forms are often quite involved and the courts have ruled that they may be considered as standard if they are of

¹⁻Huebner, op. cit., p. 239

equal or more benefit to the insured than the standard 2 form.

The second type of form is the Consequential loss forms. These forms are prepared to provide insurance which is not provided for in the standard fire insurance policy. The most common of these is the Use and Occupancy form. This endorsement cannot be attached to a property damage fire policy so it is usually considered to be an entirely different, but allied, type of insurance. These consequential loss forms will be discussed to greater length further on in this paper.

It is often the case that an order is placed for fire insurance at a time when it is impractical of impossible for the company to issue a policy. When this occurs the insurance is considered in force under a binder. When the company and theinsured have a meeting of the minds and decide the amount and type of insurance which the company will carry on the property belonging to the insured, the insurance comesinto effect immediately. The insurance is said to be bound from the date of the meeting of the minds. A binder is a temporary formal statement of agreement, pending the preparation of the permanent policy. A policy may be held on a binder for many reasons. The company may not be sure

²⁻loc.cit.

that it wishes the risk, they may want to have their special agent inspect the property to disvover the nature The agent may not have all the necessary of the risk. The insured may wish to wait until all his information. property is settled so that the insurance will not have to be disturbed, once it is written. It is also the normal case for an egent to send direct to the company a binder stating the pertinent information about an unusually large risk, so that the company will not have to wait for the daily report to clear through the rating bureau before they can underwrite the risk. This is particularly true when the agent realizes that the company will have to go outside for facultative reinsurance to be able to handle the risk.

^{3-&}lt;u>Ibid.</u>, p. 164 f

Chapter V

The Organization of a Capital Stock Company

Chapter V

The Organization of a Fire Insurance Company

The internal organization of a fire insurance company is to a very large degree much the same as that of any other corporation. This is to be expected since the insurance company is subject to most of the laws regulating incorporation in its home state. It is also subject to the laws regulating the licensing of foreign companies in each state in which it wishes to do business.

The Corporation has the usual stockholders and their elected board of directors. This board establishes the basic plans of operation for the corporation and is the body responsible for the formation for all policy.

The executive authority of the corporation is vested in a president and one to several vice-presidents. The size of the company is usually the governing factor as to the number of vice-presidents. There are also secretaries and assistant secretaries who fill the minor executive positions and serve as assistant department heads and in

some cases as department heads.

The operations of a fire insurance company areof many different types, and of necessity, must be broken down into various departments. This is quite a natural thing since in any type of organization, the operations increase in complexity as the scope of the organization enlarges. The fire insurance company is broken down into a number of departments with specialists to handle each particular duty since it is impossible to supervise the individual operations without the delegation of authority to department heads.

The various departments are divided according to the operations performed. The typical company would have the following departments: (1) Accounting, (2) Reinsurance,

- (3) Filing, (4) Mail, (5) Loss, (6) Legal, (7) Supply,
- (8) Underwriting, (9) Agency, and (10) Special Services.

The Accounting department is, as its name would indicate, the department which handles all the agency and office accounts. This is necessarily an important department in the fire insurance business, since business is continually being written and charges and returns made on particular policies. The business is conducted on a basis whereby the agent sends in daily reports and accounts

I-Mowbray, op. cit., p. 432ff

are balanced at the end of each month.

The filing department is another department which is unusually large in the insurance business as compared with other industries. All daily reports are kept on file where they are easily available. This alone is a tremendous task when it is realized that an average company will have many, many thousnads of policies in force. In addition to this basic set of files, there are also file records of suspicious fires. In this file can be found references to thousands of losses incurred by all companies which were considered to be possibly caused by arson. There are also file records of inspections mad by various inspection services. In this file can be found surveys of practically all sprincklered risks and many hundreds of very large risks. By keeping this information available in file, the company can be assured that the details of practically all large risks will be on hand for the underwriter.

The mail départment is another department which is large due to the nature of the business. The company carries out its operations through agents, many of whom are in very distant points. The only contact that the home office has with the majority of these is through correspondence. With thousands of agents in all parts of

²⁻Ibid., p. 437

the country, the amount of mail is necessarily voluminous. It is the mail department's responsibility to receive the incoming mail and deliver it to the department for which it is intended and to see that the outgoing mail is sent out promptly.

The loss department handles all the losses which occur. True, the companies do their best to eliminate the majority of the losses but it is impossible to eliminate all loss. The loss department is for the most part, in the modern companies, responsible for the handling of the home office records of losses and the settlement of them as representatives of the company. The actual investigation of most losses and field adjustment is carried on by one of the private adjustment companies. Probably the best known of these if the General Adjustment Bureau, Inc., which was organized and financed by the companies so that each company would not have to support its own investigation staffs in all parts of the country. This bureau is supported by the companies on a tax charged on the basis of the amount of the settlements over the year.

The Legal Department is necessary in fire insurance business because the business is carried on through contracts.

This department is responsible for the writing of contracts and

³⁻Ibid. p. 440f

the interpreting of the company's position in the settlement of losses and the interpreting of the meaning of policies. This department is also responsible for the defense of the company in lawsuits.

The Supply Department is necessary to see that the necessary supplies are available for all departments. The departments could supervise this themselves, but in the interest of coordination of efforts and economy it has been found that a separate department for this function is more efficient in a large corporation.

The job of the underwriting department is two fold:

First, it must see that there is a profitable distribution of risk, that is to say they must be sure that the risk is charged the rate justifiable by the exposure and that there is no moral hazard discernable. Second, it must see that there is a safe distribution of risk. That is, it must see that the company is not dangerously exposed to loss at any one point and that the company is not subject to severe loss due to catastrophe.

It must be remembered that in insurance, those risks which are in the most danger are those which will be the most eager for insurance. This is due to the fact that people are inherently optimistic and only when the danger of loss is very evident will they be overly anxious for the protection afforded by insurance coverage. This demand

for insurance by the substandard risks is known as

Adverse Selection and is continually working against

the underwriter as he attempts to write those lines which
will be most profitable for his company.

It is also important that the underwriter set top lines, both gross and net. He must determine the largest single amount which he wishes to accept on a single risk. The gross is total before it is reinsured and the net is the amount retained by the company after it is reinsured. It is this top net line which is particularly important. He must also determine the largest amount which he wishes to carry over a group of risks subject to loss from one fire. This is particularly important when the underwriter is considering congested areas.

The underwriter depends to a great extent on the judgment of the agent as to the meral and physical risk in fire insurance and on small risks, where there is nothing to indicate that the risk is not good, the agents' judgment is final as the the selection. On larger risks and those dubious ones the underwriter can call upon the inspection services of his company, Retail Credit Reports, Dun and Bradstreet and many other private services to determine particularly the moral hazards involved. There are also the services of the National Board of Fire Underwriters and the various regional associations to call

upon to investigate the physical and moral hazards.

The Agency Department is in charge of the supervision of the field system of the company and is of such importance that it is usually under the control of the vice-president in a small company or a special vice-president in a large company. This department is in charge of the training of new agents and is responsible for providing the agents with all the latest material and developments in policies and sales aids.

The special services department is generally found in only the larger companies. It is usually designed to serve as an aid to the agency and the underwriting departments. The primary function is to make inspections which will ship to sell the insurance and also help provide the underwriter with the necessary information. Much of its work is labeled fire prevention engineering and is very important in public felations.

In this paper the last three departments, as they applyto the sale of insurance, are going to be almost the only ones considered. The Agency and Services departments are, of course, the most important since they are the ones which are in direct contact with the agents and the insuring public.

^{4-&}lt;u>Ibid</u>., p. 436f

⁵⁻Ibid. p. 435f

⁶⁻Ibid., p. 441

Chapter VI

Non Stock Competition

Chapter VI

Non Stock Competition

As has been stated, there are several types of fire insurance carriers. Of these, the capital stock company is the largest group and is the basis of consideration for this study. However the competing carriers, even though smaller by comparison of total volume, are serious factors in some lines and must be considered.

The competition which the stock companies must face is found in several varying forms. The mutual companies are the largest single group of this competition. The mutual companies are organized with the policyholders as the stockholders. In this type of company, since they also own the company, the profits are returned to the policy holders as dividends, which serve to make the price of the insurance lower.

The mutual companies may be divided into two types.

The first is the assessment mutual, which either charges no premium or a very small deposit and then assesses the

members as the losses occur. The second are the advance premium plan mutuals which charge the full advance premium just as the stock companies and return the difference between the premium and the losses as dividends. This latter group can be divided still again into those which can assess its members and those which cannot.

The reciprocal association is another of the types of insurance organization which is in competition with the stock company. It is organized on the mutual plan with the active head of the association an "attorney in-fact." He has the authority to conduct the operations of the group, through the powers of attorney given to him by the members.

The whole idea of the reciprocal is that many persons can pool their resources and insure their own property. The attorney-in-fact is the means to carry out this plan. The premiums are usually paid in advance and dividends are paid on the profits or assessments are made depending on the success of the venture.

Engaged in the fire insurance business to a very small degree are the Lloyd's underwriters. Lloyd's of London does not write fire insurance as a regular practice, but on occassion will write if the circumstances are attractive enough. However, some of the American Lloyd's organizations will write fire insurance as a

part of their regular business.

The true Lloyd's organization as is found in the original Lloyd's is a group of individual underwriters who will take a small portion of makey a risk so that they may get a sufficient spread of risk. The organizations as we find them in America are usually corporations and retain only a few of the features of the London Lloyd's. The American type is not considered a sound type of insurance organization and is not permitted in many states.

Also to be found as a competitor of the stock company insurers is the self-insurer. This can be done simply by not carrying insurance of any kind. The individual is then assuming the entire risk. In order to be a self-insurer for the scope of this paper however the individual must operate a plan of insuring his own risks. This usually amounts to the setting up of a fund so that over a period of time sufficient resources can be amassed so that the individual or concern can bear his own losses. Such a schemem is only practical in a situation there the self-insurer has very large resources available and has a very wide spread of risks in greatly diversified areas.

¹⁻Riegel and Miller, op. cit. p. 35f

The capital stock companies operate almost completely on the basis of the local agency system of sales and sales administration. They also support the rating bureaus and are very strictly regulated both by the state and the various self-governing organizations. Many of the competing companies do not operate through agents.

They do most of their business through the direct writing methods. T is fact has brought forth many blasts from the agents associations and from the companies since they stand to lose a great deal of business if the direct writing mutuals and reciprocals become too successful.

In all of these arguments pro and con between the mutual and stock companies has been the continuous factor of service and prices. The mutual companies give the benefit of very low costs of insurance in most cases and the stock companies and their agents give the benefit of good service usually.

Of the total volume of premiums written in 1945 they were divided among the stock, mutual and reciprocal companies thusly:

Stock Commies	1,78,576,204	82.0%
Mutuals	\$177,110,372	
		12.3%

Reciprocals \$81,253,339

5.7%

Total

1,436,939,915

100% ×

of the 2396 mutual companies doing business that year, 2100 of them were specializing in farm property. This means the small local companies and they were of very little consequence as competition. Twenty-three of the mutuals were factory mutuals, which will be considereafurther. 179 endeavered to do a general business in fire insurance. It is those which do the general business which are the thorn in the side for most of the capital stock field men and agents.

Some figures which show somewhat the relation of the stock and mutual companies for 1946 are:

	Stock	Mutual
Admitted Assets	\$63,462,416,342	\$656 ,703,951
Capital	362.727.369	
Liabilities	1.483.358.786	355.667.735
Premiums	1,178,576,204	177,110,372 **

^{*-}Argus Fire Insurance Charts - 1946, New York:
The National Underwriter Co., 1946
2-Argus Fire Insurance Charts- 1946 New York:
The National Underwriter Co., 1946 p 3ff
**-Argus Charts, op.cit.

As has been stated most of the more successful mutual companies have been specialist companies, some in the farm line, some in factories and some in other lines. The factory mutuals have caused serious inroads in to the large lines held by the stock companies and have done a cery competent job of providing insurance. They have taken only the very best of the factory risks and have made themselves experts in giving fire insurance service particularly in helping prevent fires. These companies joined together to form the Associated Factory Mutual Fire Insurance Companies to provide a means of reinsuring large risks among themselves. This association, which was founded in 1835, now has all 23 of the factory insurance

To meet the competition of these factory mutuals which had begun to take a tremendous volume of business particularly in the New England area, twelve of the large stock companies joined together and formed the Factory Insurance Association in 1890. This was done so that they might have the pooled resources and experience of all the companies at their command in trying to hold their own in the factory insurance line. Today this association has as members seventy-four companies, which includes practically

⁴⁻Fire Insurance Research Bureau, Inc., 1936

all the major fire insurance companies in the United States. The methods of operation are to provide the same type of service offered by the mutuals and still have the added advantage of a definite premium and the backing of the various companies.

The mutual companies engaged in this field are simply factory insurers of the large risks. It is true that the risks are not subject to great losses from fire but their experience in the aditional coverages has not been too successful. The 1938 hurricane played havock in the New England area where they have very serious concentration of their risks.

The Factory Insurance Association offers protection by also having a very wide distribution among the other lines also written by a general business fire insurance company. This spread of risk served to bring down the loss ration and to help maintain a far more stable company.

The mutuals in the special lines have been very successful and have for the most part provided real insurance protection and service. However, the general writing mutuals have not been as successful in their attempts to serve the insuring public. Through their direct writing system they have been able to keep costs down in many cases but their

⁵⁻loc.cit.

dividend policies have forced them to be very exacting in the settlement of claims. This system of reaching the public has also brought on very limited service. It stands to reason that an agent serving the limited area of a town, supported by the occasional visits of a special agent, is able to give much more service to his customers than the company representative who has to serve a rather large territory. One of the quotations which was lifted from the past and applied to the mutual insurance situation has caused considerable discussion in the insurance world. It is from Ruskin:

"There is hardly anything in the world that some man cannot make alittle worse and sell a little cheaper, and the people who consider price only are this man's lawful prey."

This, of course, is a very general statement, but it can be well applied to insurance when the service which a competent agent can provide for his clients is considered as a part of the premium charge. This agency service is available to the relatively small insurer only from a capital stock company.

⁶⁻Guide for Speakers on Insurance Subjects, New York: National Board of Fire Underwriters

Chapter VII

Company Sales Organization

Chapter VII

Sales Organization Systems

Insurance, as any other product, must have some channel through which it travels to the consuming public. There have been several methods developed over the years in the insurance business, none of which, in their basic ideas are peculiar to the insurance business, but are unusual in the details.

These systems are:

- 1. Direct writing
- 2. Direct reporting agents
- 3. General agents
- 4. Branch Office

While not a separate system, brokerage is another method of insurance sales and should be treated here, also.

The direct writing system is probably the oldest

¹⁻Huebner, op. cit., p. 96ff

of the insurance sales systems. It is done on a basis of salaried employees selling the business and reporting directly to the home office. As can be easily seen such a system, alone, can become very cumbersome, if it is attampted over a very large area.

Practically all of the early companies write all their business on a direct writing basis. There was very little in the way of sales effort, those whowanted insurance came to the company and asked for it. It is also true that these companies for the most part operated in very limited radii and consequently had very little need for a complicated field system.

As the companies grew older and began to expand, practically all of them realized that they had to have a less costly method of selling their products and the direct writing has been considered outmoded by most companies. However it is still used by many mutual companies. There has also been a lot of talk in recent years about some companies planning to revive this system. However there has been nothing materialized from it.

The direct reporting system was the logical answer to the problems which faced the early companies when they began to expand and found that the direct writing system did not meet the situation adequately. The direct reporting system is based upon local agents who report directly to the

home office all business sold by them. This system, sometimes with variations, is the system most often used in the fire insurance industry.

on the direct reporting agency system which is often used in the fire insurance industry. Under this system one of the more prominent agencies in an area is appointed as "general agent" to supervise the production of the local agents in that territory. The general agent is paid a commission on all the business which clears through his office. The general agent retains a portion of the commission as his share for supervising the territory and turns a portion of the premium over to the local agent for the actual sale of the insurance.

This type of field system is quite often used by companies when they are entering new territories and do not want the additional expenses of operating an office of their own there. It has its advantages in that the general agent is not paid if he does not produce business for the company and a company office must be maintained even if the office is not producing the premiums necessary to pay its own way. It also has its disadvantages since the company has no way of being sure that the general agent is giving the proper time and effort into the job of pushing the company's product.

The branch office system is a system of field supervision whereby each territory is under a nranch manager or state agent. The branch office in its bull perfection is the company home office on a smaller scale. When it comes to the branch office system the companies have many variations. The most complete is where the branch office receives all the daily reports from its territory and does all the underwriting, field supervision, and agency accounting for its area. This is, of course, subject to its maximum line limits for underwriting. There are also the more simple systems whereby the branch is only a 'state agent' who supervises the agents and makes inspections for the company. This amounts to very little more than a refinement of the direct reporting local agency system.

The branch office system is used by the companies in the well settled areas where the company has had a relatively long experience and has developed a substantial premium volume. It gives the companies a fairly sound method of supervision over its agents and serves to bring more business in to the company through the continous contact between the company representatives and the agents. It is also advantageous from the underwriting point of view since it gives the underwriter some one to call upon to give a trained, impartial judgment of risks from

actual inspection of the risks.

The agents and the field men are the representatives of the insurance company and are responsible to the company for their actions. Their limits of authority are specifically stated either in their contracts of agency and licenses or in their special agreements with the company.

who is the customer's representative. He is employed by the customer to secure the best possible coverage at the lowest possible cost. He does not have any agreements with the companies and must place each piece of business separately. In most cases the agent for a fire insurance company has the authority to bind the company on a risk without any other notice than the daily feport or a binder. This is very different in the case of a broker, since he does not represent a company. He must have an agreement with the company to accept the risk before the insurance is in 2 force.

Many of the largest offices dealing with the public in fire insurance are brokerage offices. This has grown up because of the large brokerage business in marine insurance, the lack of service by many agencies and the complexities of many very large and interstate risks.

²⁻Ibid., 112ff

These many various types of insurance sales systems have been developed as the needs for different sales methods have arisen. They are all used by practically all companies in varying degrees. They may use direct reporting agents in some territories, general agents in others, and one or another type of branch office system in still others. There is no hard and fast rule as to the method of production control which will be used since this depends on the company, the territory and the personnel available to fill the various positions.

Chapter VIII

The Fieldman

Chapter VIII

Company Fieldmen

The company fieldmen are those men charged with the maintenance of the field system. If the company operates on a basis of direct reporting local agents, the fieldman must visit his agents and encourage and assist them in their production of business for the company. If the company operates on the general agency system, the fieldman assists the general agent in his supervision of the territory. When the company operates on the branch office system, the fieldman is a part of that office. All those persons engaged in the direct contact with the producing agents are the fieldmen.

The field territories are usually broken down into single states or combinations of nearby states and placed under the supervision of a branch manager, state agent or general agent. Under the branch manager will usually be found the special agents who are, each, responsible for a segment of the entire territory. There are also,

of course, the necessary office staffs and in many cases a staff of engineers and service employees. The smae system exists where the state agent is used since the terms state agent and branch manager are almost synonymous. Where there is a system of general agents used there are usually very little in the way of salaried company employees; however, in some instances there have been special agents and state agents used when there were more than one general agency in a state.

The duties of the fieldman, as has been stated or implied previously is to keep up the company contacts with the present agents, to assist them in their problems, to teach them the new methods developed by the company, to appoint, train and assist new agents, and to see that the home office has the necessary information to do a satisfactory job of underwriting the risks written in his territory. The fieldman must also explain company policy and do every thing in his power to maintain good relations between the company and its representatives.

The responsibilities of the fieldman will be considered primarily from the view of the special agent or the state agent who is operating at some distance from his home office. His territory is usually rather large and requires a great deal of travel for him to be able to visit all the agents and maintain his contacts. The typical local

agent does not see the home office of the company in his entire time of doing business with them, and the rare occasions when the agent does visit the home office is all too brief. It is likewish just as seldom that a home office employee calls upon the agent. Consequently the only relations between the agent and the company must be through correspondence, rare telephone calls, and by the contact of the special agent or the state agent. The company representative must explain to the agent the company's posision and to the company, the agents' position.

In his normal routine the special agent will be called upon to perform many tasks. The agents in his territory will request him to call and assist them in the handling of complicated risks, they will request assistance in the placing of large lines with his company, and it is not unusual for the agent to ask the special agent to assist in the handling of personal affairs. Incidentally, this latter is one of the greatest compliments the special agent can receive when his agents ask his advice on something other than his business in which he is a specialist.

On the other hand the special agent must have a certain amount of time to maintain his office routine, prepare his weekly and monthly reports, make inspections for the home office, and plan his operations for the next

¹⁻Minor, op. cit., Lecture 28, supp. p. 3

week or month.

In order to meet the many demands upon his time he must develop a budget by which he may allocate his time to the best advantage. In this budget he should allot his time so that he may be able to give adequately to these demands:

- 1. Agencies below production quota
- 2. New agencies
- 3. Cities where his company is not yet represented
- 4. Office routine
- 5. Inspections for the underwriting department
- 6. Regular calls upon all agents in the territory

The new agencies are one of the most important of the points of contact for the special agent. He must see that the grents are continuing to grow healthily and to give the company desirable business. Where the company has had continued trouble and difficulty with an agency, either through poor classes of business, slow collection, or very little business, the special agent must see what the trouble is and if the situation does not seem to be one which can be remedied he must be ready to transfer the agency to someone else more able to serve the company properly.

²⁻Ibid., Lecture 29 supp., p. 4

This is where the new agent if often important. When planting in a city where the company has not had a representative or where the agency is being transferred from an unproductive agent, it is quite often to the advantage of the company to plant in a new agency rather than in an agency which is established in the community. While it is true that the established agency may have more business on its books than the new agent, the older agency has also established its relations with the companies already represented in his office and the new company may not reveive its share of the better business. new agency, the company which is best able and most willing to assist the agent is the one which will receive the best share of the business. By appointing new agencies run by reputable, well educated insurance men, the fieldman may well improve the production from his territory.

In his habits of travelling, the special agent must route himself through his territory so that he can cover the entire territory in the most economical fashion, In many territories there are agents who have not been called upon but about once a year, and others who are called upon regularly. This is caused by haphazard travelling instead of seriously planned itineraries. By working out a budget, a study of the various sections of his territory and the transportation between points, and arranging for appointments the special agent can route himself so that he

can divide his territory and cover it as a matter of routine. Of course, any routine must be flexible enough to meet the unusual situations which arise in the insurance business. Large lines and special circumstance are capable of interrupting any well settled schedules. The special agent must allow for these in the budget plan.

In his relations with the agentsand their offices the special agent is in effect an ambassador of the company. In his dealing with the various agencies he meets all types of people and for the sake of the business he must be able to maintain friendly relations with them. His job is one of diplomacy and almost politics. The box of candy for the secretary who has been particularly helpful will insure continued assistance and at the same time build up friendly relations throughout the agency.

The special agent must never forget that he is a representative of the company. In addition to the contact job, he is also called upon to make inspections of the more hazardous risks, ask for reduction on lines too large for the company to handle, and request cancellations.

Another duty which falls on his shoulders quite often is the undesirable task of collecting slow accounts. The special agent must see that these collections are made, and it there is great difficulty in collecting every month, it

³⁻Ibid. Lecture 23 supp. p. 1ff

may be wise for him to look around for a new agency to plant in. After all he is up against one of two unsatisfactory conditions. Either the agent himself is slow in paying, a sign of poor business methods; or the clients are slow in paying, another undesirable feature.

In his dealings with the home office, the special agent cannot afford to be laxed. When he is asked to make inspections he should be on notice that the company has a very doubtful risk on hand and he is being called upon to decide whether the company should continue to carry it. Any undue delay in the handling of inspection may find the company standing a loss which would not otherwise have been suffered. It also requires undue expenses since the home office will be forced to follow up on its original request for an inspection.

These rules go even more so for the requests for reduction or cancellation of lines. These requests should serve as the danger signal for the special agent. Many of them from one agency would seem to indicate that that agency is not giving the company its best business and the situation should be investigated, but rather than wait until it is "convenient" the special agent should take care 4 of these requests at once.

⁴⁻Ibid., Lecture 37 supp. p. 5f

Another thing which the special agent should do is notify the company of his planned route for each week that he is on the road. There are many times when the home office may want to contact the fieldman so that he may take care of a particular situation on the same trip. Without knowing where he is there is very little the home office can do except send it to his office and let him make a special trip or wait until the next time he visits that particular section of his territory.

All these things that the special agent should do in cooperation with the company home office are really common sense. Of course, they must be based on a knowledge of the home office routine so that the special agent may know what is expected of him.

Chapter IX

The Local Agent

Chapter IX

The Insurance Agent

The insurance agent is the backbone of practically all insurance sales systems. This is particularly true of the capital stock fireinsurance company. The Local agent in fire insurance has, as much, if not more authority than in any other line of insurance. He may solicit business, bind the company on the risk, collect the premium, write up the policy and deliver bt to the insured without giving any notice to the company other than the daily report which conatins all the information pertinent to the risk. In some cases the agent even has the authority to adjust losses and settle claims against the company.

The local agent is appointed by either a special agent, state agent of a general agent and his duties and authority are clearly defined in his contract of agency with the company. In fire insurance it is customary for the local agent to represent as many companies as he desires in his office. This has been primarily because of the

limited rescurces of most companies and the necessity for the agent having in his office the facilities to handle even the largest of his risks. It is quite natural that the agent give special consideration to some particular companies and give very little business to others beyond those lines which he must split in order to give the clients protection.

The position of the insurance agent is indeed a peculiar one. He is the pepresentative of the company and is responsible for the placing of only good business in his company. He is depended upon to do the preliminary underwriting as to the moral risk of the assured and the physical hazard of the property covered.

At the same time he is serving his friends and customers and must be able to place their business, however hazardous, with a reputable company. He must also be prepared to develop new forms which the company does not always desire so that the insured can have the protection necessary.

In addition to these two peculiar circumstances, there is a third condition which greatly affects the agent. He is on a commission basis. That is, he is paid a commission on the business which he gives his companies. Since this is the case it is indeed a difficult thing for an agent to refuse to accept business even though it is from a client

of very doubtful character. Likewise it is difficult for him to cancel a risk which has proven to be unprofitable.

The basic function of the insurance agency is naturally the sale of insurance. In order for the agent to be able to do this effectively he must have sufficient trained personnel in his office to handle the records of customer accounts, company accounts, renewals and the many inspection reports and files which he must use in his daily work. There must be an organized sales effort and there must be an organized method of collections.

The sale of insurance is much the same as the sale of any other commodity. These basic fundamentals for the sale of insurance mayapply to practically any product:

- 1. Insurance is sold by personal interview.
 Advertising and direct mail can only serve to pave the way.
- 2. The personality and bearing of the agent himself is of great importance.
- 3. Argument doesnot help to make a sale.
- 4. Mental images which lead the way to the purchase of insurance are aroused by what people feel to be their interest.
- 5. Prospects have different backgrounds, they do not have the same emotional and mental make up.
- 6. It is insurance protection and not policies which are sold.

La O'Connor, James C., Fire, Casualty, and Surety Bulletins, New York: The National Underwriter Co., 1947

The last listed fundamental of insurnace selling is probably the greatest single factor which can assist even the most successful agent who has over looked it. In the past the practice has been to sell insurance by the policy. This has been sufficient when the client is sufficiently well versed in insurance to know just what he needs in the way of insurance and can convert this to policies. Most persons are incapable of doing this and only by having someone do this for them will they be sure of having the protection they need. The agent who presents his insurance proposals on this basis has a much better opportunity of making a sale.

Probably the most satisfactory method of presenting insurance to the prospects so that he can fully realize the nature and extent of his insurable hazards and the agent's reccommendations as to how the insurance may be provided is through the <u>insurance survey</u>. The survey, which is the most important tool of the progressive agent is discussed more fully in a later chapter.

The agent may take advantage of many proven methods designed to assist him in the presenting of his commodity--insurance protection----to the consuming public. Personal contact is the method by which practically all sales will be consumated but the number of contacts must necessarily be limited and by a planned advertising campaign the agent can prepare the public for his propositions and gain the

necessary entrees to the prospects' offices, thereby increasing the efficiency of the sales program.

The advertising campaign should be divided into two distinct branches. The first is the general advertising which is designed to build the prestige of the agency. The second is designed for the particular prospect and is usually by direct mail. The use of these will depend on the advertising media available in the community, the type of business solicited by the agent, and the preference of the agent.

In the institutional or prestige building advertising the agent may have at his disposal these means of presenting his agency to the public:

- 1. Newspapers
- 2. Radio
- 3. Billboard and electric signs
- 4. Window displays

When using institutional advertising, the agent should have a carefully planned program. Otherwise it may well be a waste of money. If the program is planned so that it will extend over a period of time, considerable advantage can be attained from it. In some cases educational series have been used as a public service and advertising and proved to be very successful. Another method is to tie recent local accidents and losses in with the insurance necessary to

protect against possible loss. In the solving of this problem of institutional advertising however, the agent should realize that there are specialists in this field just as he is a specialist in the insurance business and that he may be able to derive far more benefit from his advertising campaign if he consults with someone well versed in the business of getting and holding the public's attention.

In the direct mail advertising the agent, himself, can quite often work out a very satisfactory program. When doing this he should consult the many available sources of information on the subject but in the end he should draw his own scheme and fit it to the particular situation.

When using the direct mail system of individual contact the agent has several general types of messages he can use:

- 1. The form Letter
- 2. The personalized sales letter
- 3. The printed leaflets and other matter.

Each of these have its own place in the agent's advertising campaign and should be used to fill particular needs. In using these methods however, the agent will find that in most cases the only type he will wish to use as the primary method of selling will be the second mentioned type, supplemented with enclosed leaflets, etc.

²⁻Beling, Oscar, Profitable Insurance Agency Management, New York: Prentice-Hall, Inc., 1946

In order to get the greatest benefit out of this system he should realize that the direct mail advertising is not a substitute for making calls, it is simply a method of making the calls more profitable. In this light the mailing program should be set up on a basis of only those persons and businesses which are definitely prospects. The direct mail contacts call for immediate follow-up by personal contact so that the greatest benefit can be It also must be remembered that a person does not gained. remember all that he reads the first time. By several mailings and a call the agent can gain much more from his advertising contacts. Using 100% as the full success of a direct mail campaign, one mailing will be worth about 5%, two mailings, 15%, three mailings 40%, four mailings 60 %, five mailings . 75%, and six to eight mailings 100%. This will show that the agent cannot expect to gain so very much from sending out only one piece of mail. By developing a system of mailings to be sent at regular intervals he will be able to impress his point on the mind of his prospect so that the prospect will be ready to listen to what he has to say and more nearly ready to buy.

In preparing the advertising material, the agent can, as in practically all sales promotion, expect his

³⁻Ibid., p. 81 f

companies to be ready to assist him if he should call upon them for advice. Many companies maintain an advertising staff for this very purpose and all of them are willing to assist the agent in his efforts to increase his volume. It is also a practice among some of them to have on hand prepared material which the agent can use to advantage in his mailing program.

In order that the agent candevote the necessary time to the selling job, he must have his office routine so developed that it will take him a minimum of time and effort. In this planning he must have the necessary records of renewals, accounts, prospects, daily reports etc.

In no other business is the matter of records so important. The agent is in a position where he must be accurate. A failure to notify an important client of a renewal date or to notify a company of an important change in policy can result in very serious consequences. By a thorough analysis of his needs he can determine the filing system necessary.

In organizing his office he must also select and train the necessary office employees. There must be someone to keep the agency accounts, there must be a stenographer, a policy writer (this can be combined with the stenographer in the small office byt usually will require an additional employee in a fair size office). Someone must be responsible

⁴⁻Ibid., p. 36ff

for the files, someone for answering incoming telephone calls, etc. These seem like relatively unimportant matters but they can mean the difference between a successful agency and a failure.

Another of the major headaches of the insurance agent is his collections. His companies will demand payment of the premiums due to them and the agent must collect from his clients before he can pay the company if he does not wish to finance his customers. A very apt quotation on this is:

banker. No reason is good enough to excuse you for paying your clients' debts. The objection to the practice is more than merely the credit hazard. The commissions you earn are not large enough to compensate for the additional overhead item of interest on the premiums that you pay your companies before your client has paid you. Nor will your commission stand the additional expense involved in the collection of four, five or six month old accounts.

It is suggested that a bill be sent with the policy and another mailed on the first of the month. This serves to bring in most premiums due but there will be those accounts which are not paid. The agent should then call upon the client

^{5-0&#}x27;Connor, op. cit. p. A-1

and try to bring in the delinquent accounts. It may be the case that even then the premium is not paid. In that case the only course left for the agent is to cancel by either picking up the policy or if this is not possible to cancel by mailed notice for non-payment.

The matter of making collections on slow payments is not a pleasant task and should be avoided as much as possible by seeing that the customers are ones who will make prompt payments. On policies where the premium is very little it is well to ask for payment when the policy is delivered so that the entire matter of collections will be avoided.

These matters of collection are ones which must be tempered with the particular case. It would, indeed, be a mistake to be offensive in the methods used to collect from otherwise good accounts. As in everything else in business, JUDGMENT must be used.

The business of an insurance agency is not just the simple job of selling insurance policies as has been shown. It is true that selling insurance is the ultimate end but to achieve it considerable effort must be expended in other directions. By organizing the office so that it will work as an efficient group, by developing the sales program, by building smooth public relations and prestige, and then doing the selling job the agent can build a very nice business

⁶⁻Ibid., p. A-2

for himself and can be doing his customers and his community a great service by presenting to them complete insurance protection and counsel.

Chapter X

What the Agent Has to Sell

Chapter X

What the Agent Has to Sell

The many variations which can be developed out of
the standard fire insurance policy are actually the commodities
which the agent has to offer the public in fire insurance.
They are the tools of his trade and at the same time they are
the goods which he is selling. By selling the little known
lines and by fitting the entire line to the needs of his
clients he will be able to give his customers the greatest
possible protection at the lowest possible cost. At the
same time he will be able to greatly increase his volume
over that which it would be if he were selling only the
common lines of property damage insurance.

These other types of insurance can be broken down into several variations on the standard contract. They are: (1) Those which increase the coverage to perils not ordinarily covered under the standard policy, (2) Those which cover for losses not ordinarily covered, and (3) those which change the methods of providing the coverage.

Under the first type of variation will be found those which give the insured protection from loss from windstorm, vandalism, extended coverage, hail, tornado, etc.

Under the second group can be found the Use and Occupancy insurance, the extra expense, additional living expense, rent and rental value insurance. The last group includes the general cover, reporting forms, master contracts, etc.

Just as any other person in the business of selling a commodity, the insurance agent must know the commodities which he has to sell and he must know how to apply them to theneeds of his customers. While the insurance basis has gone on for many years on a basis of personal friendship, it has been the trend during the recent years, particularly in the big industrial lines, for the business to be placed on a basis of cold business logic. The agent who is able to provide his customers with the greatest possible service is the man who will be successful.

The Use and Occupancy policy or Business Interruption insurance is one of the most important branches of fire insurance. It might better be termed Prospective Earnings Insurance, for that is what it is esigned to insure. The losses which might develop from the enforced shut down of a plant or office due to fire damage can be tremendous

and yet protection of this type has been sold to bey few small businesses. The field has been limited to the larger concerns. The losses which develop from the consequences of fire are quite often much larger than those resulting from the direct effect of the fire.

Under the U & O policy, the insured will be indemnified for the losses resulting in profits and continuing expenses which would have ordinarily been earned in the course of normal operations.

Statistics show that out of all business suffering serious losses from fire only one half are able to continue operations with capital, credit, and earnings unimpaired.

Use and Occupancy insurance is designed to prevent just such a situation. It is so designed that it will assist the insured to continue just as if the loss had not occured.

In serving his clients the agent cannot afford to overlook this type of coverage since it is probably the greatest single exposure to fire loss common to most industrial and commercial concerns. He must see that it is thoroughly explained and that the client is in no way doubtful as to just what this protection may mean to him. Another point is that U & O is generally considered to be a good type of business and is welcomed by most companies. Of course, there are those risks which are undesirable, but

the agent who sells U & O will find that it is much more acceptable than Property damage Insurance on many risks, and a profitable line to sell.

The Extra Expenses policy is designed to protect those concerns which must remain in business espite fire loss and damage. An ideal example is a bank. It is absolutely necessary that usch an institution remain open for business regardless of the costs. The purpose of this policy is to protect the insured from loss due to the added costs of operation whould he have to remain in business after a loss has occured until the insured's own property has been repaired or rebuilt and normal operations are resumed.

The Additional Living Expenses policy is much the same thing for the private individual. When a loss occurs and a dwelling is destroyed or damaged to the point that it cannot be occupied, the occupants must find temporary quarters elsewhere. This is quite often very expensive, particularly today, with the high costs of living facilities. The Additional Living Expenses policy is designed to provide the means to meet these additional costs so that as nearly

¹⁻Foster, W. S., Consequential Coverages, Indianapolis:
The Rough Notes Co., p. 89ff
2-Digest of Coverages, New York: Royal-Liverpool
Group, p. 6

as practical the insured can continue the normal activities 3 of his household.

The rental value policy is designed to reduce the less from a fire by enabling the insured to rent other quarters of a similar value during the time necessary to repair or rebuild the insured's property. This type of insurance is adaptable under the forms written to both commercial and residential risks.

The rents policy is designed to protect the owner of rented properties from the losses which might occur in 5 rental income should the property be damaged by fire.

Unearned premium insurance is available to reimburse the insured for the loss of premium which would not have been earned by the company had not a loss occurred. It is particularly valuable where the insurance is written on a long term basis or where the premium is very large. This typerof insurance is required by the various premium finance concerns, since it gives them protection of their interests should loss occur and the balance of their debt be uncollectable.

³⁻Ibid., p. 1

⁴⁻¹bid., p. 9 5- loc. cit

⁶⁻Reigel, Robert and Hiller, Jerome S., Insurance Principles and Practices, 3rd ed. New York: Prentice-Hall, Inc., 1947 p. 444

Windstorm insurance, just as its name indicates, is insurance to protect against the losses which may result from windstorm. It is written by endorsement on the standard policy, as are most variations. It is separate from the fire coverage and has its own limits set by the premium charge, however fire and windstorm may be written on the same policy. Tornado is the same protection under a different name. The names under which this type of insurance is written varies with different localities.

Hail Insurance is usually written on farm crops to protect against the damage to be caused by hail. It may also be written to protect buildings and is very common in those areas greatly subject to hail damage.

Earthquake is another of the variations which may be written to cover the natural hazards.

Under the standard policy the damage resulting from an explosion prior to a fire is specifically excluded. This coverage can be had by the attaching of an endorsement and a premium charge for this protection.

The Vandalism and Malicious Mischief coverage is another which may be added to the standard policy. Under this type of coverage the property is covered from loss due to the damage inflicted by vandals, strikers, and prowlers. It is a type of coverage which is very important to many industrial concerns and to a large number of commercial houses such as department stores.

Extended Coverage is an endorsement which may be added to the standard fire policy and is written in conjunction with the fire insurance coverage only. It extends the fire insurance policy to cover for the additional hazards of:

Windsterm

Hail

Explosion

Civil Commotion

Riot

Riot attending a strike

Falling Aircraft

Vehicles out of control

Smoke

These coverages are those usually found in the extended coverage endorsement. However, there are many different forms which may be used some of which include all these and others and some of which do not include all these hazards.

As can be seen this endorsement adds to the standard fire insurance policy the protection from most of the other hazards which may result in damage and loss. However, it does not increase the amount of insurance provided by the

⁷⁻Ibid., p. 425f

the fire insurance; it simply extends the same amount of insurance to cover the added perils.

It has become a regular practice among many agents to write this endorsement onto every policy they sell covering residences and where possible on mercantile policies. The cost of this type of insurance is very slight and yet the protection granted is tremendous when the number of hazards covered is considered. True, the possibility of loss from many of them is not great and yet the exposures are equally as large as the possible loss from fire and should be protected. Hence, the agents who automatically add this coverage are looking after the clients well being and are considering the extended cover as a normal part of the policy.

Extended coverage can be written on the U & O policies and the other variations of the standard policy which cover for fire damage and should be. After all, the hazards covered under the extended coverage endorsement can just as easily cause a work stoppage as they can destroy property.

When writing extended coverage the agent should be sure that it is included on all the policies carried by the insured since it is subject to the coinsurance clauses just as is the fire coverage. If there is not concurrency in this respect, the insured may suffer loss which will not be covered by the insurance even though it is carried in a limited amount.

Probably the best known of the variations on the standard policy which change the method in which the coverage is provided is the general cover or reporting form policy. It is a convenient and improved method of providing the protection desired by the owners of stocks of merchandise and other commodities where the values fluctuate throughout the year and when there is more than one location involved.

Under this type of policy, new locations and changes of locations are automatically covered, subject to the limits of liability as stated in the policy. Also insuring values at distant points is easily controlled. The insured's records are simplified and the possibilities of non-concurrencies in a pecific insurance is reduced.

The premiums for this policy is figured from an average of the actual values of the risk. This means that, subject to the maximum limits of the policy, the insured has as little or as much insurance as is necessary at all times.

So that the premium charge can be computed, the insured is required to give monthly reports as to the values at each location during the month. It is from these reports that the name Reporting Form has developed. Although the usual practice is for these reports to be on a monthly basis, in cases where the values fluctuate many times during the month, this policy can be written on a basis of shorter report periods.

⁸⁻Digest of Coverages, op. cit., p. 7

The agent, by wisely handling the accounts of his clients who need this type of protection, can do a better job of giving the protection which is needed and at the same time build up his sales volume. For those satisfied customers are the best advertising material an agent can have.

Another variation in the hands of the alert agent is the Master Contract. It is designed to give protection at all points of exposure to the client owning many properties.

This policy will give the insured coverage on all his risks, simplify his insurance program, and be the most practical, convenient, and economical method of handling his insurance problems. In addition to this it will also eliminate possible non-concurrencies, prevent gaps and overlapping insurance, and eliminate the possibility of renewal omnissions.

These many variations on the standard fire insurance contract which have been discussed are actually the essentials of a good fire insurance agent. It is true that a reasonable volume of business can be built up by pushing only the straight fire property damage policy but the agent will still be far short of the possibilities which exist if he will sell complete protection and not just "fire insurance."

In order for the agent to realize the full

⁹⁻Ibid., p. 8

potentialities of the insurance market he is servicing he must be well educated in his product and he must know what his clients' needs are and just what particular coverage they need to give this protection. The only completely satisfactory method to do this is through the insurance survey method of selling.

Chapter XI

Survey Selling

Chapter XI

Survey Selling

The insurance survey has come to be the answer to the question of how to meet the growing competition in the insurance agency field. Ever since insurance became a business the agents have been giving the service of surveys of a sorts but it has been only comparatively recently that the potency of a complete survey has been realized. Even in the face of the success that has been found by those using surveys there are agents who reguse to use this method to sell their products.

"A comprehensive discussion of the client's situation, a review of his present insurance, remarks on his scheme of protection and, most important of all, indicate where his present insurance is at fault and how the agent, as his insurance adviser, would remedy it. It is the survey of this type which stamps the agent as a person who can render insurance service---- and it is this type of survey which

has gotten results in getting and holding important

lines."

At all times it is the desire of the agent to sell insurance and the survey is designed to aid him in this, but it will not do all the work for him. The survey should do one thing for the agent, it should convince the prospect that his insurance needs expert advice and that the agent making the survey is equipped to give him that service. Once this idea is gotten across the agent has done the bulk of his job of selling since his advice as an expert will be taken in most cases.

There are two types of surveys which the agent has to make. The first are those made for the new prospect where the agent has had no previous contact and hopes to secure the prospect's business as a result of the survey. The second are those made for clients already on the books of the agent. This is to protect him from errors and ommissions and to cover unnoticed developments. These surveys for old clients have a very definite place in the business of a enscientious insurance agent. There is no better way to protect the business from the inroads of competition.

^{1-0&#}x27;Connor, op. cit., p. Sur. 2

²⁻¹⁰c. cit.

Not every risk however, can be surveyed: That is, if the agent wished to stay in business and make money. Only if these requirements are all met should the agent attempt to make a survey.

- (1). The account must be potentially large enough to warrant the effort and expense.
- (2) The survey must reveal enough defects in the prospects insurance situation to warrant a change in insurance advisers.
- (3) The agent's criticisms and reccommendations must be absolutely accurate.
- (4) Every reccommendation must be possible of performance.
- and properly presented to the prospect when finished.

 By complying with these requirements the agent can make surveys assist him greatly in selling his product---insurance protection.

Another fact which will help realize the importance of a properly prepared survey is shown in the data given on impressions. Experiments have proven that impressions are developed by the various senses as follows:

³⁻Ibid., p. Sur-3

Eyes----87% of all impressions

Ears---- 7% " " "

Touch--- 3% " "

Smell---- 2% " " "

Taste--- 1% " " "

The survey which is prepared and sbumitted to the prospect in written form will have far greater effect in convincing the prospect that the agent is an expert in the field of insurance than any amount of talking to him about his exposures. An interesting sidelight on the senses, however, is that one agent has impregnated his survey reports with an odor which smells like the inside of a burned building. He has said that his appeals to the emotions very well and is a help in putting across his sales wanvass.

In making an insurance survey it is necessary that the agent find out everything he possibly can about the insured's business and operations. This can be done only by putting a great deal of time and study into the problem. This is usually done by questioning some one in a position to know and recording the information so that it will be available. There are many forms for purposes such as this. One of the best known is that put out by the Rough Notes Company. There are also many large insurance companies which have their own forms which they supply to their agents.

⁴⁻Ibid., p. Sac-4

One of the most important functions of a survey is the analysis of the policies already held by the prospect. It is here that the agent is attempting to show that he has a superior knowledge of the business. He must be absolutely accurate in everything he says about the policies. In this particular phase of the survey he should not hesitate to call upon his companies for advice so that he will have the benefit of the best possible information. The experience and knowledge of others may well be the deciding factor in coping with an unusual situation.

The standard printed forms have been very instrumental in eliminating many of the costly mistakes but still they were made to fit only a very average condition and not many prospects fit this condition exactly. When auditing the fire insurance policies, the agent must have a thorough understanding of the fire insurance policy as it applies to his state. This knowledge is basic and the agent must have it but the greater portions of the mistakes are to be found in the written portions of the policy and the use of endorsements which must be prepared because of some particular circumstance in the field. Mistakes are also much more frequent when several agents handle the business of the assured.

Some of the mistakes which will be found in a comprehensive audit may be of very great importance and others

may be of very small consequence. However small a mistake is, though, it should be called to the attention of the prospect in the survey along with recommendations as to how it should be corrected. Throughout the survey the agent must remember that, in criticizing the present insurance and lack of insurance, he is criticizing the prospect's judgment and his friend, the man who has handled the insurance in the past. The criticisms must be presented in the most diplomatic manner.

Checking the Rates

The rates used are probably subject to error more than any other factor in the policy. In checking the rates it is important to see that the insured has been allowed all credits due and that the credit allowed is the proper one. The premiums must also be checked to see that they are properly calculated. When dealing in fractions of cents errors are frequently made and it is the job of the auditor to find these mistakes when making the survey.

The fire rule book is one of the most important tools the agent has. When making a survey and when writing policies he should check this manual to make sure of any point in the policy which may affect the insurance. It is quite easy to skip this portion of the survey but the wise agent will make doubly sure by checking any doubtful point with his

⁵⁻Horrow, Ralph E., <u>Insurance Surveys</u>, Indianapolis: The Rough Notes Co., 1943 p. 58

Checking the Ownership

The provision in the policy which requires reporting of all conditional holdings or ownership in other than fee simple are very important and may seriously affect the insurance if they are overlooked. It is quite often the case that an audit will uncover an undisclosed mortgage or will disclose the fact that the buildings stand on leased ground. It is errors such as these that the survey must bring out since they may void the contract or have some other equally serious effect.

Checking the Exclusions

The policy does not cover for those things for which liability is not specifically assumed. For this reason the agent must check the exclusions in the policies so that he may afford the best coverage. It is not unlikely that there will be found some large values which are not covered on the form as written and should be endorsed so that the necessary coverage is given the assured.

Obtaining Rate Reductions

The purpose of the fire insurance survey is to show the insured that the agent can give him the best possible coverage and at the same time give savings in costs. This

⁶⁻Ibid., p. 59

⁷⁻Ibid., p. 73ff

leads to the securing of lower rates. Many agents refuse to do this since they are paid on a percentage of the premium charge. This is a very serious mistake since it leaves his clients open to the agent who is willing to provide this service.

The first thing the agent should do in attempting to reduce the fire rates for an assured is to get a copy of the rate makeup for the rating and inspection bureau for the assured's property. In the schedule rating system the rate is set on a basic rate with additions or penalties and reductions or credits as the exposures and hazards merit. Ву eliminating the penalties and increasing the credits the agent can give his client considerable savings in the cost of his fire insurance. It is very seldom that the rating bureaus will consent to reducing the basic rate. Before the agent requests reduction of rates or reinspection by the bureau he should, of course, be certain that the hazards or exposures have not been increased since the last inspection or his efforts may result in an increased rate for the insured.

In working out the methods to be used to reduce the hazards so that the benefits of lower rates can be afforded the assured, the agent should take every opportunity to call upon the special services of the companies. The larger companies

⁸⁻Ibid., p. 70

maintain forces of men for the very purpose of fire prevention engineering and are more than glad to assist the agents in reducint the fire hazards of their clients. These men, who are trained experts in this line and thorughly familiar with the hazards which are considered in the rating structures, usually can bring forth many suggestions which will make the assured safer from disasterous fire losses and at the same secure direct savings in outlays for insurance premiums. The fact that the agent has these experts at his call, of course, adds enhancement to his prestige as an insurance ccunselor.

Another method which will ealp the agent reduce the prospects insurance costs is the intelligent use of the coinsurance clauses and the restrictive clauses. By using the coinsurance clause, the rate is reuced materially and by the use of such restrictive clauses as the Foundations Exclusion, which excludes the foundations from coverage (they are very seldom subject to loss), the agent can reduce coinsurance requirements. These two, when properly used, give the assured the best possible insurance at a very much more reasonable cost.

It is also possible for the assured to save money by taking advantage of the savings offered by insuring on a three or five year basis on many types of policies. This

⁹⁻Ibid., p. 73ff

also gives the agent a greater amount of control over the account since a client is rather reluctant to cancel when the insurance still has several years to run. When the premium for several years is a considerably large one and the insured is reluctant to take this amount of money out of the business at one time, the agent should suggest the various premium financing plans. Under these plans the insured can finance the premiums through banks or some financing companies and still achieve a very large part of the savings offered by the longer term policies.

Another reccommendation which will result in considerable reduction in fire insurance rates is the installation of automatic sprinkler systems. The installation of such a system is naturally a costly venture. However, the manufacturers have developed finance plans, by which quite often the systems can be secured at a cost less than the reduction in fire rates which result from their installation. When this is the case if is reasonably easy for the agent to persuade the prospect to install these fire prevention methods.

The manufacturers of these automatic sprinklers are more than anxious to assist the agent in bringing the advantages of their system before the clients or prospects, since it may result in increased sales for them. The services which these manufacturers offer have been developed to the point that they will inspect the risk, make their

reccommendations as to the particular type of sustem to be used, prepare the plank and specifications, install the system and see that an adequate water supply is available for its efficient operation. The manufacturers work with the agent in the strictest of confidence and attempt to assist him in every way to gain control of not only the fire insurance but also the other lines of insurance, so, it is to the agent's benefit for him to call upon them whenever it will be mutually beneficial.

The methods of gaining insurance credits which have been given are the most common methods and usually the most effective; however, the various ways in which risks can be improved to reduce hazards are innumerable. Some are watchmen's clock systems, fire doors, fire walls, ventilating for hazardous dust and particle elimination, enclosing elevator shafts, segregating hazardous operations, etc. There are so many things which can be done that the agent should call upon the service of the company fire prevention engineers whenever it should prove feasable. These services are usually far more efficient than those which the agent, himself, is prepared to offe4 and reduce the cost of making the surveys to the agent.

AUDITING THE MISCELLANEOUS COVERAGES

In auditing the miscellaneous fire coverages the agent

¹⁰⁻Ibid., p. 80 f.

has a tremendous opportunity to sell new insurance protection to his prospects. The variances in the hazards to be found in different risks, gives the good agent a grand opportunity to measure the needs for these little known forms of coverage which are needed and should be carried.

It is quite often found that there is overlapping coverage in some particular field; it is also found that they are sometimes carried when there is some other type of insurance more important; it is also found that the insurance is far too small to offer any real protection from serious loss. In the miscellaneous coverages the agent can greatly enhance his reputation. Many persons, who are not educated in the insurance field, think that they are fully protected when they have the more commonly known types of insurance. The careful insurance survey will reveal the needs for the miscellaneous lines and give the opportunity to sell them.

The primary purpose of the insurance survey is to outline for the insured a complete program of insurance protection. Even though all the forms included are not bought by the insured, they will leave a mark for the agent to shoot for on future calls and help to organize the sales program to be used in the direction of that particular risk.

USE & OCCUPANCY INSURANCE

This type of insurance offers the agent a tremendously important field of operation in his insurance survey work.

There it is not carried the survey can usually manage to convince the prospect of its importance. Where it is carried it is often in a very confused state and will require considerable effort to develop the correct coverage need and to compare it with the coverage carried.

U & O, to the novice, is one of the most confusing of the fire insurance lines and yet it can be easily mastered and the effort to that end will be well repaid in increased earnings for the agent and satisfied policy holders. The U & O policy, which has been described elsewhere, is one of the most important formsof coverage offered by the fire insurance agent. The losses which result from the enforced shut down due to damage of plants and buildings are often much greater than the actual loss from property damage. When making a survey, the agent should take full advantage of the coverage offered under this policy and impress upon the prospect the fact that he is leaving uncovered possible his largest exposure if this protection is neglected.

One of the most important things to check in auditing the U & O policy is the particular type of form used. The U & O forms are many and varied and quite often misunderstood, even by those with much experience in the business, and it is entirely possible that another form would suit the prospect's

¹¹⁻Foster, op. cit., p. 104ff

situation much more adequately.

Personal Surveys

In making personal surveys the agent must remember the basic requirement that the account must develop a sufficient commission for it to be a profitable venture. This however, does not mean that the personal account alone need develop this commission. It is quite often a very good method of gaining control of large and important commercial lines by first making personal surveys for those who are in positions of responsibility within the concern.

The personal survey field has been one of the very great dispute among those actually in the agency field. There are those who claim that it is a very economical method of gaining control of personal accounts and there are those who claim that it is for the most part too expensive to use except on large personal risks or on those risks which may develop commissions and business from outside the actual personal survey itself.

The general concensus of opinion is that the same effect of a personal survey can be had by simply recommending the necessary coverage in personal interviews for the small accounts and that the survey is important in the larger accounts. Of course, it is alwaysimportant where it will give the agent the reputation of being an insurance expert and this reputation will help in bringing profitable accounts 12 under his control.

¹²⁻Morrow, op. cit., p. 196 ff

Chapter XII

Special Services

Chapter XII

Special Services

In addition to the production force regularly maintained in the field, it has become a practice among most of the larger fire insurance companies to support a special services department. This department is designed to assist the special agents, state agents, and local agents in the handling of the unusually large risks.

The special services department of the typical company is based on a home office force which is made up of specialists in particular classes of risks and investigation and experimental forces. This home office department is a means of coordingting the efforts of the fieldmen and of developing the new ideas which come out of the field contact with the insuring public.

The special services department supposts a number of production engineers in certain key-points throughout the territory the company covers. These specialists are

¹⁻Minor, C. D., Fire Insurance Extension Course, New York: Royal-Liverpool Group 1938, Lecture 31 p. 33

available to assist the agent and the company representatives in connection with any large or complicated rating matters. In addition to the rating problems these men, as their titles would imply, are in a position to give the insured thorough and expert advice with respect to inside and outside protection, cutoffs, forms of coverage, and other items of a like nature. To put it in brief, the special services engineers are equipped to service a risk from top to the bottom and to perform all the functions which the agent is not equipped to perform.

In addition to this service in the actual handling of the risks, the companies' special services departments are prepared to assist the agent in the analysis and preparation of a complete insurance report on large and important accounts. This service includes constructive suggestions as to the insurance in force and other coverage needed. On the unusually large accounts this service can be extended by the fire companies to include the casualty insurance lines as well so that the agent can get the greatest benefits from a sin gle contact.

While contacting and assisting the agents in his

^{2-&}lt;u>Ibid.</u>, p. 34 3-Morrow, op. cit. p. 82f

territory the fieldman occassionally is confronted with unusual risks which involve a chemical or special hazards of a technical nature with which he is not familiar. To meet such problems many companies have as a division of the special services department a chemical hazards division. The engineers of this department are able, in many cases to apply the experience gained over the years to reduce considerably the fire hazard presented by such risks and to increase the desirability of a type of risk which is generally considered undesirable by the underwriting department.

These services are particularly important when dealing with explosion hazards coverage for some industrial lines. Where the agent and the field man are in no position to judge the need for explosion coverage the specialist is quite capable of judging the various hazards presented by chemical processes.

When the agent or the fieldman call in the production engineers of the company, they must realize that the service is very expensive for the company and is very seldom met by the premium derived from a small risk. The companies support these special services engineers to help in the handling of the unusual risks which are beyond the scope of the regular field force. The agent should not hesitate to ask his companies to provide him with the necessary assistance in

handling the large surveys but he and the special agent should be able to handle the small and average schedules and not expect the special service engineer to be called in on every occassion.

⁴⁻Minor, op. cit. Lecture 31, p. 35

Chapter XIII

Trade Organizations and Associations

Chapter XIII

Trade Organizations

The insurance industry is one which requires knowledge and information on the part of individuals and groupd and also a great deal of individual and collective experience. The need for the sharing and spreading of information, knowledge, and experience throughout the entire insurance field has been long recognized by those actively engaged in the business. The primary method of meeting the needs of the industry has been through trad organizations of one form and another.

It has also been realized that insurance is essentially a public service industry and that in order for the public to be best served there must be concerted action by the companies in certain highly technical fields. This necessity for concerted action is peculiar to insurance and is to be found in no other field of business. The open competition which was once believed to be the life flood of

all business has been found to be the source of numerous discriminatory practices and the ultimate financial instability of rates, strengthening of the companies by eliminating cut-throat competition, resulted in the adoption of higher standards of business conduct, better supervision of the business, and tended to eliminate unfair discrimination.

Dr. Robert Riegel, in his thesis on Fire

Underwriters' Associations in the United States gave the

following classifications to such associations on the basis

of (1) extent of territory in which they operated, (2)

functions or objectives and (3) character and scope of

membership.

Classification of Associations

			1.
Acc	cording to:	National	
1.	Jurisdiction	Sectional	Urban
		Local	ا د د د د د میار د

Suburban

Technical and Educational

¹⁻Mowbray, A. H., Insurance, New York: McGraw-Hill Book Co., 1937 p. 446 ff

occupation of

members

Company representatives Special Agents Agents and Brokers No distinction between members

1. without qualification of voting power

3. Membership.....Classification

of members

Classified mcmbership

2. with qualification of voting power

Requirements

Adherence to agreed commissions to agents

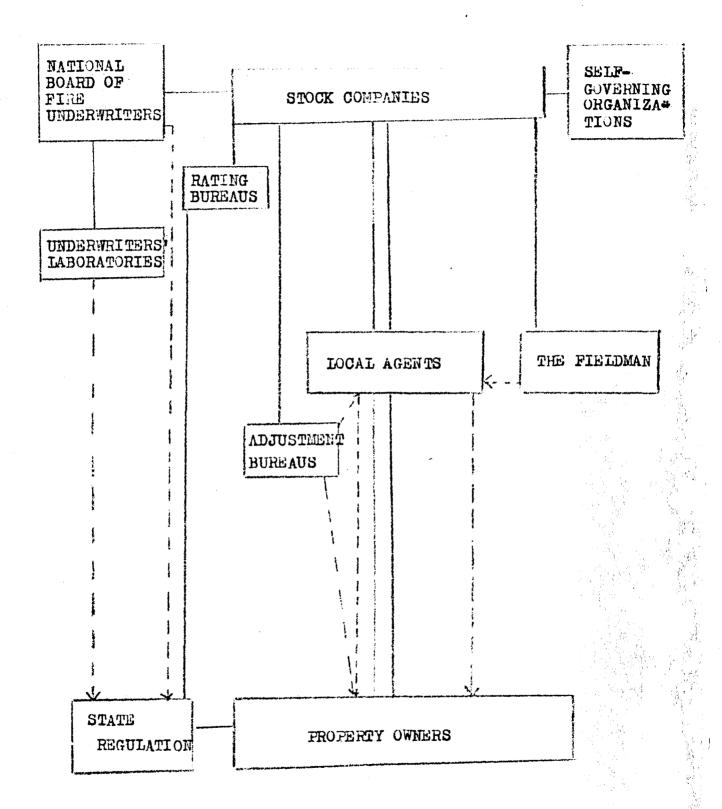
Adherence to stated scale of brokers' compensation.2

The local associations usually have jurisdiction over a large city or the surrounding suburban territory.

An example of this is the New York Fire Insurance Exchange and the Philadelphia Underwriters' Association. In each case the association named has jurisdiction over the city proper but there are also suburban associations. There are also to be found insurance associations or clubs in the insurance centers all over the country. Examples of this are the Pittsburg Insurance Club and the newly formed Richmond Insurance Club.

Despite the limited territory covered by these associations

²⁻Huebner, S. S., Property Insurance, New York: D. Appleton-Century Co., 1938 p. 348



Adiagram of the service organization of fire insurance

conservation work. The National Board of Fire Underwriters, the National Fire Protection Association, and the National Association of Insurance Agents are the primary national associations dealing with fire insurance solely or partially.

The membership in these associations varies according to the scope of the territory included and the purposes of the organization. The National Board of Fire Underwriters is limited to capital stock companies. With respect to the sectional organizations the membership of companies is almost uniform, which results in harmonious relations between the associations. Some of the sectional organizations limit membership to special agents, others to company representatives, such as the Fire Field Clubs. Usually the local exchanges are made up of officers of local companies, branch managers, state agents, special agents, general agents, local agents, and brokers. The funds necessary to defray the expenses of the organization is usually assessed upon the membership as dues, and in the case of company members, assessment is done on a basis of premium income.

The services of the various technical and educational associations may be summarized as follows:

- 1. To educate the public to be "insurance wise."
- 2. To reduce the expenses which would of fallen on the insured, such as watching legislation and protesting unjust laws.
- 3. To compile statistics of the insurance business

³⁻Ibid., p. 349 ff

and make constructive comparisons.

- 4. Inspected and criticized the fire protection of cities and particular risks.
- 5. Formulated building codes.
- 6. Introduced standard policies and endorsements.
- 7. Furnished consulting engineers to give advice in construction and to assist in the formulating of ordinances and preparation of fire fighting apparatus.
- 8. Tested and inspected devices of all kinds for the prevention and fighting of fire.

The regulatory associations have also made their contributions to the insurance industry and have proved their worth. Some of their contributions have been:

- 1. They have prevented excessive commissions and eliminated rebates.
- 2. They have combined in cooperative adjustment of fire losses for the reduction of loss expenses.
- 3. They have standardized policies and endorsements.
- 4. They have established uniform rules for the writing of insurance.
- 5. They have reduced objectionable practices and established codes of ethics.
- 6. Mutual assistance has enabled the underwriters

⁴⁻Reigel and Miller, op. cit., p. 63

to meet local and national emergencies.

7. They have been instrumental in preventing fire 5 losses and in increasing fire protection facilities.

In performing the functions for which they were set up, the various associations operate in many different ways. The National Board of Fire Underwriters is aimed primarily at education and fire prevention. One of the most outstanding features of its operation is its town grading In this they have gone into well over five hundred system. towns and cities of the United States and have inspected their fire protection, the water supply, their building codes, their police department, etc. and have developed a nationwide system of grading them so that key rates and underwriting They have also done very much in the way lines can be set. of educating the public along the ways of fire prevention. They also have published many educational bulletins designed to help educate those engaged in the insurance business. After all, insurance is a business which requires continous education, once a thing is learned it must be elaborated upon and not just put in a mental pidgeon hole to be used when necessary.

The various local, state, regional and the National Association of Insurance Agents have been instrumental in

^{5-&}lt;u>Ibid.</u>, p. 64 6-Ibid., p. 484 f

the field of education and training. Particularly, during the last decade they have made tremendous strides in the direction of raising the general level of education of those employed in selling insurance and insurance service.

They have carried out their training programs in several ways. They have been instrumental in getting insurance courses started in colleges and universities in their territories, even to the extent of providing members of their group to conduct the classes and preparing courses of study. Where this has not been possible they have worked with local and state educational authorities to provide the facilities some other way. Another important feature of these educational programs has been the various conferences designed to assist and educate those actively engaged in insurance. They also publish pamphlets and news letters designed to keep the agents and fieldmen abreast with the latest developments.

The National Association of Insurance Agents has taken the lead in this field of education and training. Its efforts have been directed at the coordination of the efforts of the local and regional associations. In doing this they have worked out very effective course programs and class agendas for practically all types of property insurance.

More recently the insurance associations have given

considerable effort to devising the training programs necessary to meet the standards of proficiency required by Public Law 16 and Public Law 346 on Veteran education and training. Working in conjunction with the state education departments the NAIA insurance class programs have been accepted as including the necessary features to qualify as on the job training under these laws. This has made it possible for those young men who wish to come in to the insurance business to gain the education so necessary in this very competitive field under their G. I. rights while they are learning the technical functions of the business by actually doing the job.

Most of the objection to the various associations has been directed at their rate making activities. This has resulted in some cases to anti-compact legislation with specific legislation prohibiting this function in some states and the more recent Supreme Court decision in the DFUA Case of 1944, which stated that the insurance industry was interstate commerce and that the ratemaking activities were in violation of the anti-turst legislation. The necessity for combined experience in rating and standard rates has come to be more and more recognized however. The fact that this was realized is shown in P. L. 15 of the 79th Congress.

This law stated that:

1. Until January 1, 1948, the Sherman Anti-trust Act,
The Clayton Act, the Federal Trade Commission Act,

and the Robinson-Patman Anit-discrimination Act shall not apply to insurance except with respect to acts of "boycott, coercion, and intimidation."

2. After January 1, 1948, the provisions of the laws cited above would apply to insurance only to the extent that it is not regulated by state law. It would seem from this that it is the desire of the Congress to allow the associations to continue their rating practices where they are allowed by state law. But the actual enforcement of the various laws as they apply to insurance is merely a matter of conjecture since the Justice Department has been very hazy in its statements as to its policy along this line.

⁷⁻Ibid., p. 67 f.

*Chapter XIV

Conclusion

Chapter XIV

Conclusion

"It was the best of times, it was the age of wisdom, it was the age of foolishness, it was the epock of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair; we had everything before us, we had nothing before us; we were all going direct to heaven, we were all going direct the other way."

Dickens....Tale of Two Cities

of Two Cities, while used to describe another period of unrest and uncertainty and contradiction, fits into the picture of conditions today very aptly. It is true in practically all industry and commerce. Its application to the fire insurance industry is even more trye. Premium income for the companies is, indeed, excellent, but the earnings are equally poor. There is belief and doubt, hope and espair——in short, the whole situation is a mass of confusion.

L-Gallagher, Eugene F., The Insurance Market, (A apeech before the Virginia Association of Insurance Agents, Richmond, Va., December 5, 1947.)

The most serious of the confusing factors in the present situation is the difficulty in obtaining the necessary insurance to protect property owners from loss. True, most everyone has been able to obtain sufficient insurance protection for his home and personal property, and most mercantile buildings and stocks, public buildings, etc., have adequate insurance but the agents have had continually increasing difficulty placing fire insurance business. The companies simply do not have the capacity to handle the volume of business. It is a known fact that there are millions of dollars of whiskey values for which insurance protection is not available

These conditions are no more pleasant to the companies than they are to the agents and their clients. They are forced upon them by the inflated values of property and stocks of goods. For while the values have been increasing, the insurance companies reserves have remained the same or increased very slightly. The companies simply do not have the capacity to handle all the good business being offered them and consequently must decline to write some of it.

The present conditions in the fire insurance business, undesirable, though they are, are not insurmountable. The cooperation and understanding of the agents, the insuring public, and the companies are necessary but the problem

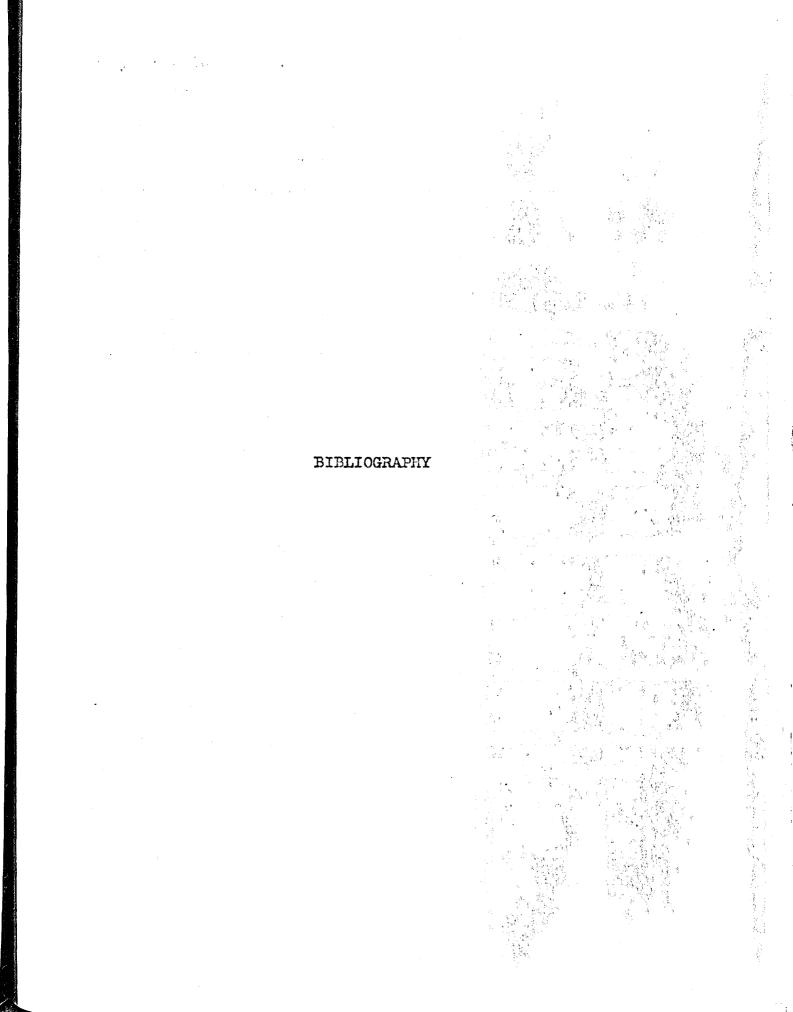
can be met.

The entire picture of selling insurance under our present system is based on the local agent. For most of his clients, he is insurance. There is a great responsibility to all those with whom he must deal. The study which has been the basis of this thesis has dealt with the relatively normal conditions which have existed in the past and may be expected in the future again. Either we will revert to a level of economic activity closely approximating those prior to World War II or we shall stabilize on our presentlovel. In either case the insurance industry will be in such a position that there will not be the buyer's market which exists at present. This means that the problem at hand is for everyone in the business to do his utmost to cooperate so that the present crisis may be successfully met. It also means that the fundamentals of our American insurance system must not be forgotten.

In the days to come it is practically a certainty that the entire picture will again become stable as they have been considered throughout this paper. It is true, that there will be progress. Insurance is a dynamic industry. But the fundamentals will remain the same.

A business built on friendship, political connections, or the like can be easily dissapated by a change in

the economic system. But a business built on knowledge and confidence of customers in that knowledge will survive under one form or another as long as insurance is written. The bulk of insurance——whether handled by agents, brokers, company solicitors, or mutual representatives——will be handled by the men who know the most about their business.



Bibliography

Books

- Ackerman, Lawrence J. and Bugli, Ralph W., Risks We Face,
 New York: Prentice-Hall, Inc., 1944
- Beling, Oscar, <u>Profitable Insurance Agency Management</u>, New York: Prentice-Hall, Inc., 1946
- Dominge, C. C. and Lincoln, Walter O., <u>Building Construction</u>

 as Applied to Fire Insurance, New York: The

 Spectator Co., 1941
- Foster, W. S., <u>Consequential Coverages</u>, Indianapolis:
 The Rough Notes Co., 1936
- Huebner, S. S., <u>Property Insurance</u>, New York: D. Appleton-Century Co., 1938
- Minor, C. D. Property Insurance Contracts and Their Application,
 New York: Royal-Liverpool Group, 1941
- Minor, C. D., <u>Fire Insurance Extension Course</u>, New York:
 Royal-Liverpool Group 1938
- Morrow, Ralph E., <u>Insurance Surveys</u>, Indianapolis: The Rough
 Notes Co., 1943
- Mowbray, A. H., Insurance, New York: McGraw-Hill Book Co., 1937
- Reed, Prentiss B., Fire Insurance Underwriting, New York:

 McGraw-Hill Book Co., 1940

Riegel, Robert and Miller, Jerome S., <u>Insurance Principles</u>

<u>and Practices</u>, 3rd ed., New York: Prentice-Hall, Inc. 1947

O'Connor, James C., <u>Fire</u>, <u>Casualty</u>, and <u>Surety Bulletins</u>,

New York: The National Underwriter Co., 1947

Periodicals

- The Aetna-izer, Hartford: The Aetna Group 1920-1924
- The Casualty and Surety Journal, New York: The Association of Casualty and Surety Executives, November 1947, Hanuary, 1948
- The Casualty Insurer, New York: The National Underwriter

 Co. Vol XXV No. 3 March, 1947, Vol. XXIII No. 6

 June, 1946, Vol. XXIII No. 7 July 1946
- Fire Insurance Facts and Trends, New York: National Board of Fire Underwriters, December 1947.
- The National Underwriter, New York: National Underwriter Co., February 20, 1947, Vol. XCI No. 8
- The National Underwriter, sp.ed. Fiftieth Anniversary,
 New York: national Underwriter Co., 1947
- Rough Notes, Indianapolis: Rough Notes Co., June 1947 pp.15-16,
- The Spectator, Chilton Company, Inc., February 13, 1947,
 Vol. XII No. 15

- <u>Digest of Coverages</u>, New York: Royal-Liverpool Group Fire Insurance Research Bureau, Inc., Pamphlets 1-5 1936.
- Gallagher, Eugene F., The Insurance Market, (A speech before the Virginia Association of Insurance Agents, Richmond, Va., December 5, 1947.
- Guide for Speakers on Insurance Subjects, New York: National Board of Fire Underwriters.
- Profit Planning in the Smaller Agency, New York: Royal-Liverpool Group, Agency Systems Department, 1947
- O'Connor, JamesC., The Form Attached to the Policy, American Mutual Alliance, (A lecture before the Institute of Fire Insurance, Charlotte, N. C., Sept. 8, 1941
- State Regulation of Insurance Under Public Law 15 of the

 79th Congress, Report of the Virginia Advisory

 Legislative Council, Richmond; Commonwealth of

 Virginia, Division of Purchase and Printing

I, Charles Allen Levey, was born in Louisville,
Kentucky, on June 11, 1927. I was the first of four
children, having three younger sisters. The two youngest
are now respectively a sophomore and junior at Thomas
Jefferson High School in Richmond Virginia. My oldest
sister is now an Honor student at Mary Washington College of
the University of Virginia.

My mother, before her marriage was Alma Snellen of Louisville, Kentucky. My father is Harry Nelson Levey from Pensacola, Florida. He was graduated from Georgia School of Technology in 1922 and became Manager of the Surety Bond Department of the Louisville, Kentucky Branch Office for the Aetna Casualty and Surety Company.

In 1929, my father became Manager of the Greensboro, North Carolina Branch Office for the National Surety Company. It was in Greensboro that I entered school at the Lindley Elementary School in 1933. I attended there through the second grad when in 1935 my father was again transferred; this time to Richmond, Virginia as Manager of the Virginia-North Carolina Branch Office of the National Surety Corporation.

In Richmond, I attended Westhampton School from the third grade through my Junior Year of high school. While

at Westhampton High School I was a member of the Student Government and Sports Editor of the school paper, "The Diplomat." I was elected a member of the "Chart Club," a local honor society and "Quill and Scroll" the international high school journalism honor society.

In my senior year, Westhampton High School was discontinued and the students were transferred to Thomas Jefferson High School. Here I was Sports Editor of the annual, "The Monticello" and also active in Student Government. I graduated from Thomas Jefferson on June 10, 1944, in the upper third of my class.

During this time I was a member of Boy Scout Troop
#18 and reached the rank of Eagle with six Palms. For three
years I served in various positions as a Counsellor at
Camp Shawondassee, the Richmond Area Scout Camp. At
present I am again associated with Troop #18. This time in
the capacity of Assistant Scoutmaster.

On June 12, 1944, I enlisted in the United States

Naval Reserve. I was assigned to duty at the Hampden
Sydney College Navy V-12 Unit, on July 1, 1944. At

Hampden-Sydney we were all under the prescribed curriculum

as set up by the Navy.

On July 1, 1945, I was transferred to the United States Navy Reserve Officers' Training Corps at Princeton University. At Princeton we were allowed to determine our own schedule so long as we included the required number of hours of Naval Science subject. With this opportunity, I began my major in Economics while still in service.

On June 15, 1946, the NROTC Unit at Princeton
was put on a peacetime status and I received my honorable
discharge from the Personnel Separation Center at Shelton,
Virginia, on June 20, 1946. The two years which I had spent
in the Navy College Training Program had given me six semesters
of college credit.

On September 27, 1946, I returned to Princeton as a senior under the G. I. Bill. I was graduated from Princeton University with Honors in Economics in June, 1947, and was commissioned an ensign in the Naval Reserve. While a student at Princeton, I was a member of Colonial Club, a social and eating club, and first manager of freshman crew. In my senior year I was head manager of crew.

Since July, 1947 I have been attending the Graduate School of the University of Richmond to satisfy the requirements for the Degree of Master of Science in Business Administration. My field of concentration has been Property Insurance. In conjunction with my work in this field of concentration I have worked since October 15, 1947 as a Fire Insurance Underwriter for the Virginia Fire and Marine Insurance Company. The experience which I have gained on the job has been of considerable value in the preparation of this thesis and in the determination of my future career in the insurance industry.

APPENDIX "A"
STANDARD POLICY



	▼ ;;;•		
BIGINA	OND VIRGINIA		
PERIL(S)	AMOUNT	RATE	PREMIUM
Fire and Lightning	\$		\$\$ \$
ADDITIONAL COVERAGES (WHEN ENDORSEMENT ATTACHED)	т.		\$ M \$
No insurance attaches in connection with the above face of this policy (or in endorsements attached her	e listed Perils unless specific		
In Consideration of the Provision	ns and Stipulations	s herein or	added hereto
and of the above	stated	Doll	ars Premium
this Company, for the term) from the of) to the to an amount not exceeding, with respect to ea			
does insure			
and legal representatives, to the extent of the actual amount which it would cost to repair or replace the time after such loss, without allowance for any increar regulating construction or repair, and without computure, nor in any event for more than the interest of AND BY REMOVAL FROM PREMISES ENDAPOLICY, EXCEPT AS HEREINAFTER PROVI tained as described in this policy, or pro rata for five sarily be removed for preservation from the perils in	property with material of lik sed cost of repair or reconstru ensation for loss resulting fro the insured, against all DIRI ANGERED BY THE PERI DED, to the property descr days at each proper place to nsured against in this policy	e kind and quality ction by reason of m interruption of ECT LOSS BY F. LS INSURED A ibed hereinafter which any of the p, but not elsewher	within a reasonable any ordinance or law business or manufac-IRE, LIGHTNING GAINST IN THIS while located or conproperty shall neceste.
Assignment of this policy shall not be valid ex	_	_	•
This policy is made and accepted subject to the which are hereby made a part of this policy, together added hereto, as provided in this policy.			
In Mitness Mhereof, this Company has exec	uted and attested these prese	ents; but this poli	cy shall not be valid
unless countersigned by the duly authorized Agent	of this Company at		
SPECTREDICOP'	Y See See See	CIN	William X President
Countersigned this day of	19		Aan
			Agent.

HOME OFFICE

No. 1015 E. Main Street RICHMOND, VA.





Standard Fire Insurance Policy of the States of North Carolina West Virginia Virginia

CALL DEPT CONCOVER FORE	Insurance (d.	Third (Gentle Gine Cal	SPEWMENT COPY	lssured	(PERIL COVERED) Amount \$	(PERIL COVERED) Amount \$	(PERIL COVERED) Amount \$	roperty	Expires
		THIRT	COPY						

It is important that the written portions of all policies covering the same property read exactly alike. If they do not, they should be made uniform at once.

APPENDIX "B"

DAILY - REPORT

	DAILY	REPORT			
	Virginia Fir	re & Mai	ine	Register	
	· ·	Company		Mercantile	
Renewal of	RICHMO	OND, VA.		Survey	
ALCAUMA. V.	CLASSIFICATION	ON	сомм.	1	
No	_			Policy Net	
				Risk Net	
				Approved	
	*				
Map Vol. Page	Block	Mapped		Carded	
PER	IL(S)	AMOUNT	· <u> </u>	RATE	PREMIUM
Fire and Lightning Extended Coverage (when end Windstorm and Hail (when end ADDITIONAL COVERAGES (WHEN E	ndorsement attached) .		• • •	**************************************	
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			10		
No insurance attaches in conn face of this policy (or in endor		d Perils unless sp		•	
No insurance attaches in conn face of this policy (or in endor	rsements attached hereto).		ecific "F	Premium" therefor is	s specified in the
No insurance attaches in conn face of this policy (or in endor In Consideration of	rsements attached hereto).	nd Stipulat	ecific "F	Premium" therefor is	s specified in the
No insurance attaches in conn face of this policy (or in endor In Consideration of and of this Company, for the term) f	f the Provisions as the above sta	nd Stipulat	ions	Premium" therefor is herein or add Dollars (at noon, Star	s specified in the led hereto Premium
No insurance attaches in conn face of this policy (or in endor In Consideration of	f the Provisions as the above sta	nd Stipulat	ions	Premium" therefor is herein or add Dollars (at noon, Star	s specified in the led hereto Premium
No insurance attaches in conn face of this policy (or in endor In Consideration of and of this Company, for the term) f	f the Provisions as the above stated to the da	nd Stipulatated	ecific "F ions	Premium" therefor is herein or add Dollars at noon, Star location of pro-	s specified in the led hereto Premium adard Time, at operty involved.

EXACT COPY OF FORM ON POLICY

REINSURANCE RECORD

										1	DATE			
DATE	REINS. C	OMPANY				REIN		REINS.	REIN	s.	REINS.		ORDERED	
EFFECTIVE	POL. NO. OR CESSION NO.	NAME	ITEM	CLASS NUMBER	AMT. REINS.	PREMI	ŬM	AMOUNT CANCELLED	PREM	RN IUM	ORIGINAL P	REM.	BY	REGIS
	٠.											. ,		
				,										
											,			
								_						

IF THIS POLICY COVERS UNPROTECTED PROPERTY, PLEASE ANSWER THESE QUESTIONS CAREFULLY

1. Have you personally inspected this risk recently?			
2. Is the property in good condition?			· · · · · · · · · · · · · · · · · · ·
3. Estimated cash value of item No. 1 No. 2_			
4. Total insurance item No. 1 No. 2	No. 3	No. 4	
5. Is there any non-standard flue in building?			
6. If so, what kind?			
7. Has owner of building or occupant ever had loss by fire?			
B. Do you recommend risk physically and marelly?			

APPENDIX "C"

DWELLING AND CONTENTS FORM

(Protected Area)

Form 131—Virginia (Edition November, 1946)

DWELLING AND CONTENTS

(1st, 2nd or 3rd Class)

(For Fire or Fire With Extended Coverage)

Attache	d to and forming part of Policy Noof the
	Insurance Company, of
Issued a	t its, Va. Agency, Agent.
	licy covers the following described property,
all situa	tedhere give street number, or lot or block number and city or town"
	, State of VIRGINIA.
*1. \$	ON the Here give number of stories, construction and roof covering roof building occupied
	by
	tures and outdoor equipment pertaining to the service of the premises (if the property of the owner of the dwelling), while located
	on the above described premises, but not trees, shrubs, plants or lawns. The Insured may apply up to ten per cent (10%) of the amount specified for Item 1 to cover private structures appertaining to
	the above described premises and located thereon but not structures used for mercantile, manufacturing or farming purposes.†
	The Insured may apply up to ten per cent (10%) of the amount specified for Item 1 to cover rental value as defined in Item 5, but not exceeding one-twelfth $(1/12)$ of said ten per cent (10%) for each month the above described dwelling or appurtenant private
	structures (except those used for mercantile, manufacturing or farming purposes) or parts thereof are untenantable.†
*2. \$	ON household and personal property usual or incidental to the occupancy of the premises as a dwelling (except aircraft, motor vehicles and boats other than rowboats and canoes), including household and personal property purchased under an installment
	plan and usual or incidental to a dwelling, belonging to the Insured or for which the Insured may be liable or, at the option of the Insured belonging to a member of the family of the Insured or to a servant thereof, while contained in the above described dwelling
	or appurtenant private structures or while on the above described premises.
	The Insured may apply up to ten per cent (10%) of the amount specified for Item 2 to cover property described therein and insured thereby (except rowboats, canoes, animals and pets) belonging to the Insured or any member of the family of, and residing
	with the Insured, while elsewhere than on the described premises but within the limits of that part of Continental North America included within the United States of America, Alaska, the Dominion of Canada and Newfoundland; however, it is warranted by
	the Insured that such extension of this insurance shall in no wise inure directly or indirectly to the benefit of any carrier or other
	bailee.† The Insured (if not the owner of the described premises) may apply up to ten per cent (10%) of the amount specified for Item 2.
	to cover improvements, alterations or additions to the above described dwelling and private structures appertaining thereto (except those used for mercantile, manufacturing or farming purposes).
	Loss, if any, under Item 2 shall be adjusted with the Insured specifically named and shall be payable to him unless other payee
*2 C	is specifically named hereunder. ONON
*4. \$	ONOESCRIBE
*5. \$	On the rental value (as hereinafter defined) of dwelling and appurtenant private structures (except those used for mercantile, manu-
<u> </u>	facturing or farming purposes) or parts thereof described in Item 1. The term "rental value" shall mean the fair rental value of the dwelling or appurtenant private structures (except those used for mercantile, manufacturing or farming purposes) whether rented or
\$	not for the period of time required with the exercise of due diligence and dispatch to restore the same to a tenantable condition, less
*Insur	TOTAL such charges and expenses as do not continue. Tance attaches hereunder only to those items for which an amount is shown in the space provided therefor and not
exceed	ing said amount under such item.
this C	a condition of this insurance that in the event the Insured elects to apply the 10% optional provisions of Items 1 or 2, ompany shall not be liable for a greater proportion of any loss than would have been the case if similar election were under optional provisions of all policies covering the same property.
Ex	tended Coverage (Perils of Windstorm, Hail, Explosion, Riot, Riot Attending a Strike, Civil Commotion, Aircraft, Smoke,
terms ar	es, Except as Hereinafter Provided): Coverage against the perils indicated in the above caption in accordance with and subject to all the id conditions of the Extended Coverage appearing on the reverse side of this form will become effective only in consideration of an additional premium
	ecifically inserted herein. Additional Premium, \$
	nearned Premium Clause appearing on the reverse side of this form will become effective, subject to its provisions, in consideration of an
	nal premium next specifically inserted herein. Additional Premium, \$
, 1010	ortgagee Clause—1088, if any off bufforing fterns, shall be payable to: (1)
(2)	
as inter	est may appear, subject to provisions of the mortgagee clause appearing on the reverse side of this form.
Dollars	tomatic Reinstatement Clause—The amount of insurance hereunder involved in a loss payment of not more than Two Hundred Fifty (\$250) for this policy shall be automatically reinstated.
or vaca	rmission Granted—(a) For other insurance; (b) for such use of premises as is usual or incidental to the described occupancy; (c) to be unoccupied nt without limit of time; and, (d) to make alterations, additions and repairs and to complete structures in course of construction, and this policy as it applies to building) covers all lumber and materials on the premises or adjacent thereto.
for any	ectrical Apparatus Clause—If electrical appliances or devices (including wiring) are covered under this policy, this Company shall not be liable electrical injury or disturbance to the said electrical appliances or devices (including wiring) caused by electrical currents artificially generated unless its, and if fire does ensue this Company shall be liable only for its proportion of loss caused by such ensuing fire.
. In	herent Explosion Clause—This policy shall cover direct loss to the property covered caused by explosion occurring in the above described
not be I	g or appurtenant private structures or in any structure containing property covered hereunder from hazards inherent therein, but this Company shall iable for loss by explosion originating within steam boilers, steam pipes, steam turbines, steam engines, fly-wheels.

(Virginia—131—Nov., 1946)

policy, against the braside berein specified. If, by reason of loss occurring during the term of this policy, any loss-payments are made which shall reduce the However, such recovery shall not exceed an amount equal to the cost required to reinstate this policy in the amounts of such loss-payments. for this coverage shown on the reverse side hereof, this policy is hereby increased in an amount sufficient to cover the unearned premiums involved in this Unearned Premium Clause (Applies only in Consideration of Additional Premium Therefor.)—In consideration of the premium

However, and recovery shall not exceed an amount equal to the cost required to reinstate this policy in the amount it was reduced by payment of loss.

Mortgagee Clause (This entire clause is void unless name of mortgagee or trustee is inserted on reverse side in space provided.)—Loss, if any on building items under this policy, shall be payable to the mortgagee or trustee) as provided herein, as interest may appear, and this insurance, as to the interest of the mortgage of our trustee) shall not be invalidated by any act or neglect of trustees on other proceedings or notice of sale relating to the property, nor by any foreclosus or other proceedings or notice of sale relating to the property, nor by any change in the title or owner of the property or or by any premium due under this policy, the mortgage (or trustee) shall, on demand, pay this same.

Provided also, That the mortgage of trustee) shall notify this Company of any change of ownership or occupancy or increase of hazard which shall, on demand, pay the same.

Provided also, That the mortgage of or trustee) shall notify this Company of any change of ownership or occupancy or increase of hazard which shall, and demand, pay the promium due under this policy, it shall be noted thereon, and the mortgage of trustees) shall notify this Company of any change of ownership or occupancy or increased hazard which shall, and change of said mortgage of or trustee) shall notify the use thereof; otherwise, this policy shall be null and void,

This Company reserves the right to cancel this policy, at any time as provided by its terms, but, in such case this policy shall continue in force for the case this policy shall be null and void,

This Company reserves the right to cancel this policy at any time as provided by its terms, but, in such case this policy shall continue in force for the case this policy shall be null and void.

This Company of the mortgage (or trustee) shall be mortgage (or trustee) shall have the mortgage (or trustee) shall be null and void.

The com

Wherever this Company shall pay the mortgage (or trustee) any sum for loss or damage under this policy and shall claim that, as to the mortgage or trustee) any such payment, he thereupon legally subrogated to all the rights of the payment shall be made, under all securities held as collateral to the mortgage debt, or may at its option pay to the mortgage of trustee) the whole principal due or to grow due on the mortgage with interest, and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities, but no subrogation shall impair the right of the mortgage (or trustee) to recover the full amount of his, her or their claim.

The above clause DOES NOT apply to personal property.

EXTENDED COVERAGE (Applies only in consideration of Additional Premium shown on the reverse side in space provided)-

EXTENDED COVERAGE (Appries only in consuderation of additional tremium snown on the reverse side in space provided)—
In consideration of the premium for this coverage shown on reverse side hereof, and subject to provisions and stipulations (hereinatter teletred to see "provisions") herein and in the policy to which this Extended Coverage is attached, including riders and endorsements thereon, the coverage of this policy is extended to include direct loss by WINDSTORM, HAIL, EXPLOSION, RIOT, RIOT ATTENDING A STRIKE, CIVIL COMMOTION, AIRCRAFT, VEHICLES AND SMOKE.

This Extended Coverage does not increase the amount or amounts of insurance provided in the policy to which it is attached.

Substitution of Terms: In the application of the provisions of this Extended Coverage shall apply to each item separately.

Substitution of Terms: In the application of the provisions of this policy, including riders and endorsements (but not this Extended Coverage), to the perils covered by this Extended Coverage, wherever the word "fire" appears there shall apply to each item not this Extended Coverage), and the provisions of the provisions of this policy, including riders and endorsements (but not this Extended Coverage), and the provisions of the provisions of this policy, including riders and endorsements (but not this Extended Coverage), and the provisions of the provisions of the provisions of this policy, including riders and endorsements (but not this Extended Coverage), and the case requires.

to the perite covered by this Extended Coverage, wherever the word me appears there shart be substituted included in this Extended coverage thereby, as the case requires.

Apportionment Clause: This Company shall not be liable for a greater proportion of any loss from any perils included in this Extended Coverage than (1) the amount of insurance under this policy bears to the whole amount of fire insurance covers against the additional peril or perils insured hereunder; (2) nor for a greater proportion or not, and whether or not such other than fire insurance covering any one or more of the perils causing loss hereunder, covering specifically any furthermore, if there be insurance other than fire insurance covering any one or more of the perils causing loss hereunder, covering specifically any individual unit of property involved in the total value of all the property covered under this policy shall apply to such unit specifically insured.

It is not that the amount of insurance other than fire insurance covering any one or more of the perils causing loss hereunder, covering specifically insured to such unit shall bear to the total value of all the property covered under this policy, whether such other insurance contains a similar clause or not.

total value of said building. under this policy on any building covers on place, stained, leaded or eathedral glass therein as the value of such glass which is damaged bears to the Glass Clause: It is expressly stipulated as applicable to all perils included in this Extended Coverage that only such proportion of the Insurance

St ††

Iŀ

8£ 15 98 ζξ 1.5

77

07 61

91

13 71 H

under this policy on any building covers on plate, stained, leaded or esthedtal glass therein as the value of said building covers on plate, stained, leaded or esthedtal glass therein as the value of said building.

Valvet of Policy Frottsloner: A claim for loss from petils included in this Extended Coverage shall not be barred because factory operations. Pupilicable Only to Windstonm and Hall: This Company shall not be liable for loss to the interior of the building from the interior of the building from the state of the building or the instruction of wind or not, unless the building interior of the building or the instruction of the building or the instruction of wind or that policy is superseded by the forest sent on the building or the state of the state of the state of the building or the instruction of wind or that policy is superseded by this Extended Coverage.

Flory state and policy to Explosion: This Company shall not be liable for does not district the state of the st damaged or destroyed or with the resumption or continuation of business.

(Virginia-131-Nov., 1946) covering the same property. CAUTION-When this Extended Coverage is purchased with one fire policy, the insured should secure like coverage on all fire policies

APPENDIX "D"

MERCANTILE FORM

(PROTECTED AREA)

MERCANTILE FORM Co-Insurance Contract

B	g part of Policy Noof the	
	Insurance Company, of	
	V. A	
Building Location and I	, Va. Agency.	, Agent.
	•	
	HERE GIVE STREET OR LEGAL LOCATION AND CITY OR TOWN, State of	
*1 Q	HERE GIVE NUMBER OF STORIES, CONSTRUCTION AND ROOF COVERING TOO	i burumg.
	On the above described building occupied as a including stationary building service equipment and detachable parts thereof; also, up to 1% of the amountem on personal property and materials belonging to the Insured (and not otherwise covered) pertaining the service of the building, all while contained therein or while contained in buildings located on the premises, except as otherwise excluded.	g solely to described
	On all contents usual or incidental to the business of	ontained in ag building intly with
*3. \$	On furniture, fixtures, equipment and supplies (except motor vehicles, boats and aircraft), while contai above described building, or while located within 100 feet thereof whether in the open or in vehicles, building improvements (if the Insured is not the owner of the building and the improvements are not insured with others), except as otherwise excluded. On stock of merchandise usual or incidental to the business of	red jointly
	the property of the Insured or for which the Insured is liable while contained in the described buildin located within 100 feet thereof whether in the open or in vehicles, except as otherwise excluded.	g or while
*5. \$	On	******************
*6. \$	On	
'insurance attaches only	to those items for which an amount is shown in the space provided therefor and not exceeding said amount.	
which are below the unsurface of the ground for in this insurance, and in tributory proportion in The foundations and and not being covered by and it should be found ror in part, the cost of do	on Clause (Doesapply)—It is stipulated that brick, stone or concrete foundations, piers or other der surface of the lowest floor of basement (or basements), or where there is no basement, which are rethe within described buildings and machinery, and also cost of all excavations of whatever nature, are not a no event will be taken as a part of the valuation of the buildings for the purpose of arriving at the Instead that the application of the Co-Insurance Clause. It cost of excavations above described being exempted from the application of the Co-Insurance Clause of the valuation of the insurance, it is expressly stipulated that in the event of loss, if the insurance company should elect the necessary on account of statutory or other cause to replace said foundations or restore said excavations oing so shall be at the expense of the Insured.	below the ot included ared's con- his policy, to rebuild, s, in whole
Extended Coverage Except as Hereinafter Prand conditions of the E	(Perils of Windstorm, Hail, Explosion, Riot, Riot Attending a Strike, Civil Commotion, Aircraft, Vehicle rovided): Coverage against the perils indicated in the above caption in accordance with and subject to all Extended Coverage appearing on the reverse side of this form will become effective only in considerate to specifically inserted herein. Additional Premium, \$	es, Smoke, the terms ation of an
Unearned Premium	Clause appearing on the reverse side of this form will become effective, subject to its provisions, in con-	sideration
	m next specifically inserted herein. Additional Premium, \$	
its water or chemical supp having jurisdiction.	use (Doesapply)—In consideration of the rate at which this policy is written it is stipulated that the Infaintaining in complete working order all equipment and services, installed for the detection, prevention and exting by this policy and under the control of the Insured. It is further stipulated that no change shall be made in any sprint plies, or any watchman service without the approval in writing of this Company, either direct or through the Ra	kler system, ting Bureau
	—The rate on the property herein described, without a co-insurance clause, is 25% higher is written; and in consideration of the lower rate being used, the 75% co-insurance clause is $\%$	
to and made a part of the Co-Insurance Clause	his policy. e—In consideration of the reduced rate and (or) form under which this policy is written, it is expressly of this contract that in the event of loss this Company shall be liable for no greater proportion thereo	stipulated
In the event that the of the total amount of in the undamaged property	bears to seventy-fiveper cent of the actual cash value of the property descri- oss shall happen, nor for more than the proportion which this policy bears to the total insurance thereo- he aggregate claim for any loss is both less than ten thousand dollars (\$10,000.00) and less than five per- narrance upon the property described herein at the time such loss occurs, no special inventory or appra- y shall be required.	cent (5%)
Mortgagee Clause—I	Loss, if any on building items, shall be payable to	
(\$100) for this policy sha Work and Materials	subject to provisions of the Mortgagee Clause appearing on the reverse side of this form. ment Clause—The amount of insurance hereunder involved in a loss payment of not more than One Hundrall be automatically reinstated. Clause—Permission granted for such use of the premises as is usual and incidental to the occupancy	ed Dollars
while a described buildi consecutive days, which Electrical Apparatus not be liable for any ele	ancy Permit—Unless otherwise provided in writing added hereto this Company shall not be liable for loss ing, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of respective permitted period includes the sixty consecutive days allowed in printed conditions of this policy. Clause—If electrical appliances or devices (including wiring) are covered under this policy, this Company or disturbance to the said electrical appliances or devices (including wiring) caused by erated unless fire ensues, and if fire does ensue this Company shall be liable only for its proportion of legislation.	ninety (90) pany shall v electrical

by such ensuing fire.

THE PROVISIONS PRINTED ON THE BACK OF THIS FORM ARE HEREBY REFERRED TO AND MADE A PART HEREOF UNLESS INDICATED TO THE CONTRARY. (CONTINUED—OVER) (Virginia—Form No. 115—July, 1946)

Alterations and Repairs Clause—Permission granted to make alterations, additions and repairs to the above described building(s) and the policy, in accordance with its conditions, shall include (so far as it covers on the building) such additions, alterations and repairs, also materials and supplies for same in the building or on open premises adjacent thereto, and (so far as it covers on the contents) and such new additions. This permit does not warve or modify any of the terms or conditions of the frire Protection contents contained in such new additions. This permit does not warve or modify any of the terms or conditions of the frire Protection contents contained in such new additions. This permit does not warve or modify any of the terms or conditions of the frire Protection contents contained in such new additions. This permit does not warve or modify any of the terms or conditions of the frire Protection of clause (Applies only in consideration of Additional Premium Therefor)—In consideration of the premium for this policy, this policy is far an an amount sufficient to cover the unearned premiums for this policy, this policy is hereby increased in an anount sufficient to cover the mearned premiums in the premium clause (Applies only in consideration of Its policy, this insurance shall indemnify the fremient of this policy, any loss-payments are made and premium clause the insurance under this policy, this insurance shall indemnify the fraured for loss of the provate the insurance under this policy, this insurance shall indemnify the fraured for loss of the provate in the amount it was reduced by payments of unless name of mortgages or trustee is inserted on reverse side in space provided)—Loss, it in the amount it was reduced by payment of unless name of mortgages or trustee is inserted on reverse side in space provided)—Loss, it is the amount it was reduced by payments of mortgages or trustee is inserted on reverse side in space provided in the content in the content in the insurance of the provided in th

Mortgagee Clause (This entire clause is void unless name of mortgagee or trustee is inserted on reverse side in space provided.)—Loss, if any no building items under this policy, shall be payable to the mortgagee (or trustee) as provided herein, as interest may appear, and this policy, shall be payable to the mortgagee (or trustee) only therein, shall not be invalidated by any act or neglect of the mortgager of the within described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any the enemates for purposes more hazardous than are permitted by the policy. Provided, That in case the mortgager or owner shall neglect to pay any premium due under this policy, the mortgagee (or trustee) shall notify this Company of any change of ownership or occupancy or increase of hazard provided also, That the mortgagee (or trustee) shall notify this Company of any change of ownership or occupancy or increase of hazard pay shall come to the knowledge of said mortgagee (or trustee) and, unless permitted by this policy, it shall be noted thereon, and the mortgagee (or trustee) shall notify this Company of any change of or the property, it shall be noted to the premium demand, pay the premium for such increased hazard by this policy, it shall be noted thereon, and the mortgagee (or trustee) shall not the term of the term of the use thereof, otherwise, this policy, it shall be noted by the premium for such increased hazard for the term of the use thereof, otherwise, this be noted by the premium for such increased hazard by the solicy.

.biov bas llua ad llada

This Company reserves the right to cancel this policy at any time as provided by its terms, but, in such case this policy shall continue This Company reserves the right to cancel this policy at any time as provided by its terms, but, in such case this policy shall continue in force to the mortgagee (or trustee) for ten days after notice to the mortgagee (or trustee) and this Company shall pay the mortgagee (or trustee) any sum for loss or damage under this policy and shall claim that, as to the mortgager or owners, no liability therefor existed, this Company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payments shall be made, under all securities held as collateral to the mortgage debt, or may at its option pay to the mortgage (or trustee) the whole principal due or to grow due on the mortgage with interest, and shall thereupon pay to the mortgage (or trustee) the whole principal due or to grow due on the mortgage with interest, and shall thereupon pay to the mortgage (or trustee) the whole principal due or to grow due on the mortgage with interest, and shall thereupon pay to the mortgage of the mortgage and of all such other securities; but no subrogation shall impair the right of the mortgage of the mortgage and of his, her or their claim.

The above Mortgagee Clause DOES NOT apply to personal property.

In consideration of the premium for this coverage shown on reverse side bereof, and subject to provisions and stipulations (bereinstreed).

9 caused thereby, as the case requires. In Consideration of the premium for this coverage shown on reverse side hereof, and subject to provisions and subject referred to include direct loss by WINDSTORM, HAIL, EXPLOSION, RIOT, RIOT ATTENDING A STRIKE, CIVIL COMMO
In this policy is extended to include direct loss by WINDSTORM, HAIL, EXPLOSION, RIOT, RIOT ATTENDING A STRIKE, CIVIL COMMO
This Extended Coverage does not increase the amounts of insurance provided in the policy to which it is attached.

This Extended Coverage does not increase the amounts of this Extended Coverage shall apply to each item separately.

Substitution of Terms: In the application of the provisions of this policy, including riders and endorsements (but not this Extended Coverage), so the perils covered by this Extended Coverage, wherever the word "fire" appears thereby as the case tequires.

I7 clause or not. 15 any individual unit of property involved in the loss, only such property covered under this policy, whether such other insurance contains a similar The properties of the factors of insurance under this policy bears to the whole amount of fire insurance covering the property, whether collectible or not, and whether or not such other fire insurance covers against the additional peril or perils insured hereunder; (2) not for a greater proportion is than the amount of insurance under this policy bears to the amount of all insurance, whether collectible or not, covering in any manner such is any manner such in the perils causing loss hereunder, covering specifically any each proportion of the perils causing loss hereunder, covering specifically insurance calls any one or more of the perils causing loss hereunder, covering specifically insurance and the perils causing loss hereunder, covering specifically insurance and the perils causing loss of the perils causing loss hereunder, covering specifically insurance. Apportionment Clause: This Company shall not be liable for a greater proportion of any loss from any perils included in this Extended

total value of said building.

Waiver of Policy Provisions: A claim for loss from perils included in this Extended Coverage shall not be barred because factory operations have Glass Clause: It is expressly stipulated as applicable to all perils included in this Extended Coverage that only such proportion of the insurance bunder this policy on any building covers on plate, stained, leaded or cathedral glass therein as the value of such glass which is damaged bears to the

Eceseed, of change of cocupancy nor because of vacancy or unoccupancy.

Provisions Applicable Only to Windstorm and Hail: This Company shall not be liable for loss caused directly or indirectly by (a) frost or cold

Froysiant Appressive Only to windstorm and main; this company stands or the first configuration of the configurati

Unices liability flected is a concentration or the company states of the concentration of the construction of reconstruction or described by said striking employees or reconstruction or described by said striking complexity or interruption of operations, is covered by this policy as to other partial reconstruction or perings from riot or strike or occupancy by striking employees or civil commonion, whether to reliable, however, as used in this Extended Coverage means applicable only to Loss by Aircraft and Vehicles: Loss by "aircraft". This Company shall not be liable, however, for loss explain the precise of the described property owing to consider years and the described property owing to obstrage, is order greatly as a confirment or vehicles including their con

This policy, excluding, however, smoke from fireplaces or industrial apparatus.

Inditional Orang Ministers are considered to a connected to a connected to a connected to a connected to the parameter of the presence of the parameter of th

CAUTION—When this Extended Coverage is purchased with one fire policy, the insured should secure like coverage on all fire policies δ damaged or destroyed or with the resumption or continuation of business.

the same property. (Virginia-115-116-July, 1946)

HI XTOWEGG

REMOVAL PERMIT

Form No. 276V Virginia (Revised 8-37)

REMOVAL PERMIT

				, 19
ne of Assured		- 1	<u> </u>	
e of Policy		Expiration		Amount \$
				perty insured under this policy f
on		Street, to the	story	build
L	roof, while occupied by	,	as	Situ
			. 4	
During such removal this policy sha	all attach in each location	in such proportion as the valu	e of the property insu	red in each location bears to the
During such removal this policy shate value in both locations. After the inthe new location only. The Warranty as to brick-on-edge, ling described therein, shall apply it tough such new location or building	all attach in each location the expiration of said ten tile, cement or metal flue in like manner to the new	in such proportion as the valu (10) days (or prior thereto, if attached to this policy, and a building or location to which	e of the property insuithe removal shall hav	red in each location bears to the
During such removal this policy shate value in both locations. After the in the new location only. The Warranty as to brick-on-edge, ling described therein, shall apply it ough such new location or building	all attach in each location the expiration of said ten tile, cement or metal flue in like manner to the new 3 had been that originally	in such proportion as the valu (10) days (or prior thereto, if attached to this policy, and a building or location to which described in said policy.	e of the property insur the removal shall hav Il other warranties an the property thereby	red in each location bears to the e been completed), this policy s d covenants therein referring to insured is permitted to be remo
During such removal this policy shate value in both locations. After the inthe new location only. The Warranty as to brick-on-edge, ling described therein, shall apply it tough such new location or building. Rate of old location	all attach in each location the expiration of said ten tile, cement or metal flue in like manner to the new 3 had been that originally	in such proportion as the valu (10) days (or prior thereto, if attached to this policy, and a building or location to which described in said policy.	e of the property insuithe removal shall have all other warranties and the property thereby	red in each location bears to the been completed), this policy so discoverants therein referring to insured is permitted to be removed.
During such removal this policy shate value in both locations. After the in the new location only. The Warranty as to brick-on-edge, ling described therein, shall apply it ough such new location or building. Rate of old location	all attach in each location the expiration of said ten tile, cement or metal flue in like manner to the new 3 had been that originally	in such proportion as the value (10) days (or prior thereto, if attached to this policy, and a building or location to which described in said policy. per cent., \$	e of the property insur the removal shall hav ll other warranties an the property thereby	red in each location bears to the been completed), this policy of the covenants therein referring to insured is permitted to be removed.
During such removal this policy shate value in both locations. After h in the new location only. The Warranty as to brick-on-edge, ling described therein, shall apply i ough such new location or building. Rate of old location	all attach in each location the expiration of said ten tile, cement or metal flue in like manner to the new g had been that originally	in such proportion as the value (10) days (or prior thereto, if attached to this policy, and a building or location to which described in said policy. per cent., \$	e of the property insur the removal shall hav Il other warranties an the property thereby	red in each location bears to the been completed), this policy of the covenants therein referring to insured is permitted to be removed.
During such removal this policy shate value in both locations. After the in the new location only. The Warranty as to brick-on-edge, ding described therein, shall apply in the state of t	all attach in each location the expiration of said ten tile, cement or metal flue in like manner to the new g had been that originally	in such proportion as the value (10) days (or prior thereto, if attached to this policy, and a building or location to which described in said policy. per cent., \$	e of the property insur the removal shall hav ill other warranties an the property thereby	red in each location bears to the been completed), this policy sed covenants therein referring to insured is permitted to be remonstrated to assured.

Alterati

- UNOCCUPANCY PERMIT

Alteration

1				
Form No. 278	क्षेत्र	UNOCCUDANCY DED	MIT—Other Than Season	ant Dielen
Virginia (1-34)		UNOCCOPANCI PER	wiii—Other Than Season	nai Kisks
1-545	· · · · · · · · · · · · · · · · · · ·			
Permission	is hereby granted for the building d	lescribed in this policy to be uno	ccupied for a period of	·, from
	1 2 7		•	
the	_day of	, 19, to the	not extend the unoccupancy beyond a	, 19
1				
It is unders	tood and agreed that the building w	vill be under the supervision and o	are of some competent person, that th	e household furniture will remain
in the building	during the time of unoccupancy, and ive months from its incention, perm	d that if the unoccupancy exceeds ission for same must be specifical	such period or if such period extends ly endorsed hereon, otherwise this en	tire policy shall be null and void
It is made a con	dition of this insurance that due dili	igence will be used to keep the pro	mises properly closed and secured to p	revent trespassing or the entranc
of unauthorized	persons during the term of unoccup	pancy.		
Attached to	o and forming a part of Policy No			of th
	Service Control of the Control of th		of	
sued at its	E. S. Standarder (1995)	Agency.		
				A gent
				Agen

Note-Agents will sign and paste one on Policy, one on Dally Report, and one on Register

'APPENDIX "G"

EINDER

(Revised 6-28)		BINDER-Ad	visory			
No	47	Insurance Compan	y, of		·	
In compliance with the application	on of the insure	d named herein an		ssuance of Po	licy, the	
(Name of Insurance Company	do	es hereby agree to	hold bound fo	r a term not	exceeding thirty	(30) days from
the day of	1007a I I 100a B 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	, 19, at no	oon, to the	day of	<u>.</u> 9	
19, at noon, against loss or damadollars, to the fol	ige by	(Insert Cov	erage)		, for an amou	nt not exceeding
dollars, to the fol	lowing describe	d property of		e 3		
	() ()	N. M. Labor			, while 1	ocated and con-
tained as described herein, subject to	the conditions	hereinafter provid	ed:			
\$On			e de la companya de l	3		***************************************
\$On			······	A		
On	A Maria Care Care Care Care Care Care Care Car	. Total P. C.	å, 7. g.K.	4		·
Location	a series de la companya de la compa					
City of		State	of	***************************************		
It is a condition of this agreement then the liability of said Company us declined by notice to the insured of the liability	inder this binder to the represent that liable thirty (30) day policy regularly is binder, are m	rishall terminate a ntative of the insu- ility hereunder sha ys from the date h issued by the Con- nade a part hereof	at twelve o'cloc red placing the Il terminate wi ereof. ipany in the sta	k noon of the risk. th the issuance te where the partent as if to	next business date of the policy property is located by set forth he	ay after the risk and in no event d, which are not rein and in the
covered. In consideration of the Company t may wish to make in respect of the of cancellation and termination of liability may be had as pro-	assuming liabirisk, the assured	lity under this ter d by the acceptancent with the provi	nporary contract	t of insuranc	e, pending such rights he may ha	investigation as
Dated at		this .	; 	. day of		19
		A STATE OF THE STA				Agent
Attached to and made part of Poli	cy No.	of the	e			·*************************************
Insurance Company of		issuec	l at its		1	Agency
			<u></u>			Agent

Note-Agents will sign and paste one on Policy, one on Daily Report, and one on Register.

APPENDIX "H"

BUSINESS INTERRUFTION INSURANCE

BUSINESS INTERRUPTION INSURANCE (USE AND OCCUPANCY.)

Form 144-F (Rev. 7-43)

Weekly Form for Mercantile or Non-Manufacturing Risks Having Seasonal Operations or Fluctuating Earnings.

Attached to and forming	g a part of Policy Noof theof	Insurance
Company of	issued at its	Va., Agency.
Amount \$		
1. The condition	ons of this contract are that if the building(s) or structure(s) situate	
tind on		
or machinery or equipment of this policy so as to new the following conditions of loss nor such length a such part of the above de with the date of loss and	nent contained therein (for stock see Section 7) be destroyed or damaged by fire occur cessitate a total or partial suspension of business, this Company shall be liable under a and limitations, for the ACTUAL LOSS SUSTAINED for not exceeding twelve* no of time as would be required with the exercise of due diligence and dispatch to rebu escribed property as has been destroyed or damaged, whichever length of time is the into limited by the date of expiration of this policy, to wit: fit which is thereby prevented from being earned;	rring during the term this policy, subject to nonths from the date ild, repair or replace
II. Such cha	arges and other expenses, including salaries of officers, executives, department manage	al enemeron of huei-
2. Expense to R any loss under this policy under this policy is there 3. Pro Rata Cla	ause—The amount for which this policy is issued applies pro rata to each of the following	e purpose of reducing nt by which the loss
in the proportion that the the respective number of 4. Total Suspens of business of all of the pr	e amount of this policy bears to the sum of the amounts determined by multiplying each weeks during which it applies. It is a clause—The liability per week under Items I and II of this policy during the time to the actual loss sustained, not exceeding this properties described herein shall be limited to the actual loss sustained, not exceeding this	th weekly amount by ne of total suspension s Company's program
-	(mated for each week of the respective periods defined in the following table and during (MONTH-DAY) (MONTH-DAY) PI	g no other time. ER WEEK
•	to the following	
4	" " " " " " " " " " " " " " " " " " "	
4	a a s e a	***************************************
***************************************		***************************************

44		***************************************
a partial suspension of b Company's maximum liab sured under said items di insured under said items	ension Clause—The liability per week of this Company under Items I and II of this policular business shall be limited to the actual loss sustained by the insured, not exceeding the bility per week, as provided by the preceding section, which the actual loss per week turing the time of such partial suspension bears to the loss per week which would have during a total suspension of business, for the same time, of all the properties described	at proportion of this sustained by the in- been sustained by the dherein.
which would have been s perience of the business b	f the Business—In determining the actual loss sustained, covered under this policy, c sustained by the insured by the total suspension of business, due consideration shall before the date of loss and the probable experience thereafter.	be given to the ex-
above described is damage business, this Company shan addition to the time du with the exercise of due it stood at the date of los	insured's stock while in the above described building(s) or structure(s) or in the orged or destroyed during the term of this policy by fire so as to necessitate a total or shall be liable, subject to all the conditions and limitations of this insurance for loss during which this Company is liable under the provisions of section 1 of this form, as we diligence and dispatch to replace or restore said damaged or destroyed stock to the sai ess except that such additional time shall in no event exceed thirty* consecutive days.	partial suspension of ing such time, if any, ould then be required me condition in which
or by making use of other	of Operations—If the insured, by resumption of complete or partial operation of the property, equipment or supplies, could reduce the loss hereunder, such reduction shaumount of loss hereunder.	erty herein described all be taken into ac-
THE CONDITION OF THE CO	ONS AND PROVISIONS PRINTED ON THE BACK OF THIS FORM ARE HE IT HEREOF.	
,		
		Agent.

CONTINUED-OVER

TO AGENTS-Other clauses to be added when required.

*The twelve-month limit of the period of liability in section 1 and the thirty-day limit in section 7 may be increased by endorsement.

CONDITIONS AND PROVISIONS REFERRED TO IN, AND MADE A PART OF, THIS FORM (144-F)

- 9. Lightning and Electrical Apparatus Clause (This Clause void as to Windstorm Insurance).
- (a) Except as hereinafter provided, this policy shall cover Business Interruption loss resulting directly from damage to the property described as covered, caused by lightning, meaning thereby the commonly accepted use of the term "lightning," and in no case to include damage by cyclone, tornado or windstorm.
- (b) This Company shall not be liable for any Business Interruption loss resulting from any electrical injury, disturbance or damage to wiring or electrical appliances or devices of any kind whether from artificial or natural causes unless fire ensures and then shall be liable only for such Business Interruption loss caused by such ensuing fire.
- (c) Liability under this Lightning and Electrical Apparatus Clause shall be subject to all the conditions and limitations of this form and the policy to which it is attached, and if there is any other Business Interruption Insurance on said property, this Company shall be liable only pro rata with such other insurance, for Business Interruption loss caused by lightning, whether such other insurance be against loss by lightning or not.
- 10. Appraisal Clause—In case the insured and this Company are unable to agree as to the value of the subject of this insurance, or the amount of loss thereon, or the time necessary to rebuild, repair or replace the property described as covered by this policy, the same shall be determined by appraisal in the manner provided by this policy.
- for any other consequential loss or remote loss. II. Special Exclusions—This Company shall not be liable for any loss which may be occasioned by any ordinance or law regulating construction or repair of buildings, nor by the suspension, lapse or cancellation of any lease or license, contract or order, nor tor any increase of loss due to interference at the described premises by strikers or other persons with rebuilding, repairing or replacing the property damaged or destroyed or with the resumption or continuation of business; nor shall this Company be liable represented by a property damaged or destroyed or with the resumption or continuation of business; nor shall this Company be liable represented by a property damaged or destroyed or with the resumption or continuation of business; nor shall this Company be liable
- 12. Limit of Liability—The liability under this policy shall not exceed a greater proportion of any loss than the insurance hereunder shall bear to all insurance, whether valid or not, and whether collectible or not, covering in any manner the loss insured hereunder shall bear to all insurance, whether valid or not, and whether collectible or not, covering in any manner the loss insured hereunder shall bear to all insurance.
- 13. Permitsegainst by this policy.
- (a) Other insurance permitted.
- (c) Permission granted during the life of this policy to employ mechanics to make alterations, additions or repairs. This permission does not waive or modify any of the terms or conditions of the Automatic Sprinkler Clause, if any, at-(b) Permission granted to operate at all hours.
- (d) Permission is hereby granted for such appliances, acticles as is usual and incidental to the occupancy as herein described and to keep and use all such appliances, devices, articles and materials (including such materials as are prohibited by the printed conditions of this policy) in such quantities as are usual and incidental to such occupancy. tached to this policy.
- 14. Definitions-The following terms wherever used in this contract shall be construed to mean:
- (a) "Week": seven consecutive calendar days.
- 15. When this form is attached to a policy covering the perils of windstorm, cyclone, tornado and hail, this Company shall not be liable for any Business interruption loss resulting from damage to or destruction of metal smoke-stacks by windstorm, cyclone, tornado or hail unless otherwise provided for by endorsement hereon and additional premium paid therefor. (b) "Date of loss": the date on which the described property is damaged or destroyed by fire.
- tornado, cyclone or windstorm, 16. When attached to a Windstorm Policy, wherever the word "fire" appears in this form, it shall be construed to mean

APPENDIX "I""

RENTS FORM

Virginia	·	RENTS		Form No. 55AB
	Whether Ren	ted or Vacant—Based on	Time to Rebuild.	(New 5-43)
\$	On the rental value of the	story	building, with.	***************************************
	roof, occupied for	purpose	s, situated at No	
	Street, Avenue,	side	in	Virginia
The term re	ental value, wherever used in this con-			
by fire or light of such untenan	y provided that if said premises or as ning occurring during the continuance table portions. Loss to be computed f conable diligence and dispatch, be reno	of this policy, this com rom the date of fire or	pany shall thereupon become damage by lightning, until s	liable for the rental value uch time as the building
If the insur of the rental va	ed occupies any portion of said buildir lue insured.	ng, a fair rental value of	the portion so occupied shal	l be considered as a part
damage by light	a disagreement as to the time required tning, or as to the rental value of preme manner provided in the printed cond	ises occupied by the insu		
	ce Rider—The rate on the property he y is written; and in consideration of olicy.			
In considera policy, for a greated premises for antable condition	ation of the reduced rate at which this eater proportion of any loss that may or the time that would, with reasonable, if totally destroyed. Total liability y's pro rata proportion of all insurance.	occur than the sum here e diligence and dispatch, under this policy for an	eby insured bears to the rent , be required to rebuild and r y loss shall not exceed the su	al value of the whole of estore the same to a ten- im insured by this policy,
1	ance permitted without notice until re	guired.		
	•	•		•
Attached to	and made a part of Policy No	of the	***************************************	Insurance
Company of		issued at its	······································	Va., Agency

____Agent

______, 19......

APPENDIX "J"

COMMERCIAL RISK ANALYSIS



COMMERCIAL RISK ANALYSIS Preliminary to Survey Covering Property and Activities of

Located at		•••••	
••••••	•••••		
•••••			
Prepared by			
•••••			
Date			

SUPPLEMENTAL NOTES

	• • • • • • • •
<u></u>	
······································	
	• • • • • • • • • • • • • • • • • • • •
	•••••
<u></u>	
<u>an la farancia de la farancia de la companya de la</u>	
<u>and de la companya del companya de la companya de la companya del companya de la companya del la companya del companya de la companya del companya de la companya del companya de la companya del companya de</u>	
	• • • • • • • •
to the second of	•••••
	•••••

GENERAL

Exact Name
Business Address
Corporation () Names of Officers or Partners and Titles: Partnership () Individual ()
Names of any other persons in any way interested in the business or property such as (1) Assignees
or Receivers; (2) Executors, Administrators, Trustees in a Fiduciary Capacity; (3) Trustees or
Members of Board of Governors of Institutions
Names and affiliations with other concerns owned or controlled
Is your firm owned or controlled by another?
When incorporated?
Kind of Business and Products
Retail?Manufacturing?
Business done in following states and foreign countries:
Branch offices or other locations maintained? (Owned or Used, Leased)
State Number of PlantsOfficesWarehousesStores
\$ have no new

SUPPLEMENTAL NOTES

······································

BUILDINGS

Description	Location 1	Location 2
Location of property		
Fire Map—Volume. Page		
Latest Fire and Extended Coverage Rates		
What coinsurance requirement?		
When published?		
Is building on leased ground?		
Describe construction (brick, frame, stone). If mixed, state per cent. of each type		
Size and number of stories		
Has building any open sides?		
State kind and value of property, such as signs, awnings, etc., not covered by Extended Coverage endorsement, unless separately endorsed.		
If leased, value of improvements and betterments to building		
Are buildings sprinklered?		
Occupancy (purpose to which put)		
How heated (coal, oil, city steam, detached boiler house)		
Buildings owned or leased. (Term of lease.) .		
If owned: Exact name of owners according to deed		
Cost and date built		
Name and address of mortgagees, if any		
Insured's estimate of value (including machinery and equipment pertaining to service of building.) Secure copy of appraisal if any		
Value of possible policy exclusions (i.e. foundations, etc.)		
tions, etc.)		
Total rental income or insured's estimate of total Rental Value		
Rental value of part occupied by insured (give area and frontage)		
Rental value of part leased to others for mercantile purposes (give area and frontage)		
Rental value of part leased to others for dwelling purposes (number of apartments), area and frontage		
If leased: How does Fire Clause read?		
What amount of rent do you pay?		
At what rent could you duplicate premises?		
If rental of duplicate premises would exceed present rent paid, secure copy of lease to		
design policy to protect		
How is leasehold interest insured?		

SUPPLEMENTAL NOTES

	Any va
	Any ch
	Would
	Kind of Value of
	Insurab
	to se
	Insurab
	(Obtainsurab
	bette
	Insurab
	Are the
	Value o
	and I
	Is there bility
	Burglar
	If risk i
	on sp
	Is there
	Do
	e de la companya de l
	Ho
	Do
· · · · · · · · · · · · · · · · · · ·	Do
	Do
	List any

BUILDINGS (Continued)—CONTENTS

Would any demolition law apply to case of sastial	damage +a L.	rildings2		
Would any demolition law apply in case of partial	. damage to be	munigs	***************************************	
	CONTEN	NTS		
	Location 1		Location 2	
Kind of raw and finished stock (describe)				
Value of Insurable Stock—	Date	Amount	Date	Amount
11		**********		
Annual Minimum				
Annual Average				
Present				
Insurable value of Machinery (not pertaining to service of building). (Obtain copy of appraisal if available)			<u> </u>	
Insurable value of Furniture and Fixtures (Obtain copy of appraisal if available)				
Insurable value of tenants' improvements and betterments				
Insurable value of dies, patterns and lasts				
Are these ever in the hands of others? Where? .				
Value of raw material, finished goods, patterns and lasts or leased machinery and equipment in your custody but belonging to others?				-
Is there any agreement covering your responsibility for these values? (If so, obtain copy).				
Burglar Alarm if any: Name				
Alarm Co. have keys to premises?				
If risk is sprinklered, what type of alarm service on sprinkler system?				
Does he serve you exclusively?				
Hours	: 			
Does he have regular rounds? How often?				
Does he punch clock?				
Does he signal outside central station?				
List any portions watchman does not enter				

SUPPLEMENTAL NOTES

Re Do Shi

For

a. Are

Is v

av Do s

Whanext factu you

Base or go

Any

On s drop

Estin

Is bu

Is bu using

***************************************	•••••		•••••
***************************************	***************************************	***************************************	• • • • • • • • • • • • • • • • • • • •
	•		
	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •	
			•
	• • • • • • • • • • • • • • • • • • • •	••••••	
	• • • • • • • • • • • • • • • • • • • •		
	• • • • • • • • • • • • • • • • • • • •	•••••	
······			

	• • • • • • • • • • • • • • • • • • • •		
	***************************************	***************************************	***************************************
	***************************************	***************************************	
	·		
•			
	***************************************	•••••••••••••••••••••••••••••••••••••••	••••••
•			
	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •	
••••			
••••••	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •	••••••
	• • • • • • • • • • • • • • • • • • • •		••••••
			*
		••••••	******************************
			**
	***************************************	***************************************	
		,	
,	••••••	••••••••••••••••••••••••••••••	***************************************
••••••			

	• • • • • • • • • • • • • • • • • • • •		
	••••••	***************************************	***************************************

	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •	

		••••••	
		••••••	

8

CONTENTS (Continued)—BUSINESS INTERRUPTION

Modes of Transportation		Value Shipped Annually	Maximum Value per Shipment
	Rail		
	Express		
	Public Truckmen		
RECORD OF DOMESTIC	Own Trucks		
Shipments	Water (Inland) .		
	Water (Coast)		
Parcel Post Foreign shipments, including shipments by inter-coastal steamer, if			
any Are goods sold	on a deferred pay-		
away from pi	pperty ever at risk remises?		
Describe			
		BUSINESS INTERRUPTION	
next twelve mo	onths, if a mercantile	selling price of merchandise whe business; the value at selling p nonths, if a manufacturing busing t twelve months, if a service bus	ich you expect to sell during the price of the products to be manuness, or the income from services siness?
Based on such or goods to be	production or sales, sold (if a mercantile)	state the probable cost of raw) or supplies (if a service busines	stock (if a manufacturing plant)
S S		or occupancy of premises?	
On same basis dropped from	state probable yearl payroll if the busine	y wages that will be paid empl ss stopped operations because of	oyees who would be immediately fire damage:
			nent and stock if totally destroyed
Is business sea	sonal or otherwise su	ibject to fluctuation?	When are the operating seasons?
Is business dependent upon operation using the products of this business?		ons of other plants furnishing s	

And the second s		••••••	

SUPPLEMENTAL NOTES	
	Numbe
	How m
	What s
	Do emp
	Duties.
	Do any
	Give ag

	Is safet

	Is first a

	What is
	NI.
	Note:

LEGAL LIABILITY

Number of employees and annual payroll on departments subject to separate classifications: Classification Code Annual Payroll How many salesmen or other employees in other states? What states?.... Do employees return once each year?.... Duties Payrolls Payrolls Do any employees ever go aboard boats in line of their employment?.... Give age and duties of any employees under 18 or over 65 Is safety organization maintained? Is first aid kit provided and used? What insurance companies have carried Workmen's Compensation Insurance in past six years?..... Note: (Get letter to Compensation Division of Bureau for experience information.) 11

SUPPLEMENTAL NOTES If you furnish List all on or a Give de Give de If teams Is any h

Do yo

Do yo

Descri

Appro

"Cost-

Do you

Are yo

Do you

If so, do

LEGAL LIABILITY (Continued)

•	s under: (Obtain copies of all such agreements.)
Contracts	Railroad and sidetrack
	Leases for Signs
License Bonds	Power Contracts
	ners under contract?
Approximate contract cost	
•	from your premises?
	contemplate making any extraordinary alterations or additions?
Do you lease space to others?	
	ased property to others, does lessee control and operate elevators,
furnish power, and have charge of	premises?
	cts manufactured, handled or distributed that are used or consumed
on or away from premises	
Give details, also amount of gross	annual sales
Give details of loss experience on a	any product liability claims
If teams are owned, give number	Number of drivers
	t or with hired teams?
If so, does your name appear on th	he vehicle?

....

• · · •

.....

• • • • • • • • • • • • • • • • • • •

LEGAL LIABILITY (Continued)

Have you any other self-propelled vehicle	es?
Are bicycles or push carts operated away	from the premises on your business?
Do you have advertising signs at location	ns away from premises?
Are these owned by client or leased, dona	ated or sold to retailers?
Do you sponsor:	
An athletic team?	A radio program?
Any unusual advertising medium?	
	Where located?
How many passenger?	How many freight?
	interlocks
Car door contacts	(tvame of manufacturer and type)
	(Give name of manufacturer and type)
	· · · · · · · · · · · · · · · · · · ·
······	

	-	
	••••••	
· · · · · · · · · · · · · · · · · · ·		
	•••••	•••••
		•••••
	•••••	•••••
and the second of the second o		
		•••••
	-	

		. "
· · · · · · · · · · · · · · · · · · ·		
	•••••	•••••
	• • • • • • • • • • • • • • • • • • • •	**************
	•••••	
	•••••	

• • • • •

• • • • • •

• • • • •

• • • • •

.

••••••	
•••••	
	•
,	
	<i>,</i>
••••••	
••••••	
·	
•••••	
	· ·
	Į.
	1
	8

No

HIR

ADI

AUTOMOBILES

(May be detached and given to Auditor)

OWNED VEHICLES

Year Model	Make (Indicate wheth truck or tract	per Body Capa	ana	Serial No. and Motor No.	Purchase Price and Date	Where garaged	If truck, is it used outside 50 mile radius?
	wned Vehicles		automobi.	Headquar	nployees ters and territo d by employee		e of company carrying rimary insurance
Hired	Vehicles	<u></u>					
Name of Owner Ty		Type of Car	1	ocation or Territory Yhere Used	of hire	al cost (actual imate)	Name of company carrying primary insurance
•••••••••••••••••••••••••••••••••••••••							
** ** ** ** ** ** * * * * * * * * * * *	•••••••••••••••••••••••••••••••••••••••						

•••••••••••••••••••••••••••••••••••••••
*

Boile

Масн

20

AUTOMOBILES (Continued)—BOILERS AND MACHINERY Under what conditions is automotive equipment used to transport employees or others?.... Under what conditions is automotive equipment loaned or rented to others?.... What insurance companies have carried Automobile P. L. and P. D. coverage during past three years? Year.....Company.... Year.....Company.... Year.....Company.... Give approximate number and total cost of: Bodily Injury Losses Property Damage Losses Year Number Cost Year Number Cost BOILERS AND MACHINERY BOILER INSURANCE (or) steel?......Fuel? oil.....gas.....pulverized coal.....solid.....solid..... Cookers and digesters? Refrigerating systems? Capacity? Machinery Insurance Steam engines?...... Internal combustion engines?..... Steam or water turbines?.... Compressors or pumps?..... Electric generators?—over 100 h.p. under 100 h.p.....Electric motors?—over 100 h.p.....10 h.p. to 100 h.p..... under 10 h.p....Transformers?.... Any boilers or other pressure vessels operated by affiliated companies?.....

Any seasonal shutdown?....

 HOLDUP (Messeng
Are employe
Are vehicles
 Describe
Are they acc
Number of c
time
Maximum an
Earliest and
Maximum an
Smallest num
Maximum an
Maximum an
Any daytime
Earliest and I
Safe Burglary
Safe Burglary Describe safe
Describe safe
 Describe safe
 Describe safe Name Thickness of s
Describe safe Name Thickness of s Is there an ap
 Describe safe Name Thickness of s Is there an ap Maximum am
Describe safe Name Thickness of s Is there an app Maximum am Is there a ches
Describe safe Name Thickness of s Is there an app Maximum am Is there a chest Is either chest
Describe safe Name Thickness of s Is there an app Maximum am Is there a ches Is either chest Burglar alarma

BURGLARY, ROBBERY, HOLDUP

Но	LDUP (Messenger—Paymaster—Interior Holdup)
	Are employees paid by cash?
	Are vehicles and/or locked satchels used by paymasters and messengers?
	Describe
	Are they accompanied by guards? How many?
	Number of drivers, salesmen and collectors away from premises with cash or securities at one
	time
	Maximum amount of cash at one time in possession of each
	Earliest and latest hours they are out (away from premises)
	Maximum amount of daily deposits
	Smallest number of employees on duty on premises at any one time
	Maximum amount of cash and securities on premises at one time (exclusive of payroll)
	Maximum amount of merchandise on premises at one time
	Any daytime watchmen? Push button alarm?
	Earliest and latest hours premises are open
S 4 771	3 Burglary
OAF	
	Describe safe and/or vault:
	NameNumber
	Thickness of steel in door (exclusive of boltwork)
	Is there an approved type tear gas bomb attached?
	Maximum amount of cash, securities and merchandise kept therein
	Is there a chest in the safe? (Describe)
	Is either chest or safe door of round or screw type?
	Burglar alarm? Certificate No
	Keys in possession of Alarm Company?
	Watchman service?Hours?Regular rounds?
	Punch clock?Signal central station?

Do

	Do
	Ex
	••••
	SECURIT
	Ar
	PLATE (
	Are you
	No. o
	Plate
	ļ
	1
	Is the
ı	1

ROBBERY (Continued)—PLATE GLASS

JRITIES]	Insurance P	OLICY			
Are sec	urities kept	on premises o	or in bank?	Approxima	te value, \$
TE GLAS	s				
you res	sponsible for	r breakage o	f display windows, show	cases, mirrors	s, desk or furniture to
lo. of lates	Height	Width	Description of Glass	Value of Lettering	
					Identify any plates
• • • • • • • • • • • • • • • • • • • •					feet above sidew, level; any plates 6 f
			······································		back of front plate l and any plates with permanent entra
			·		doors. Clamped gl
			•••••		one or more expo edges unprotected frames Show
1	,				frames. Show g graphical location any broken glass a
					Give diagram of brea
·····					tion of lettering or namentation. (Da
•••••••					age to frames can covered in conjuncti with the glass.)
					8
		1 : 1	he premises that should be	1	

FIDELIT

Gi

pro

Giv

Clas

Off

Man

			and the second of the second			
			•••••		***************************************	• • • • • • • • • • • • • • • • • • • •
•						
***************************************	•••••					•
						,
			• • • • • • • • • • • • • • • • • • • •		• • • • • • • • • • • • • • • • • • • •	
***************************************	***************************************					
•						
			2 1			
•••••	••••••					
***************************************	••••					
•••••				· · · · · · · · · · · · · · · · · · ·		
	-					

***************************************						•••••
•••••			***************************************			
	••••					
,						
		• • • • • • • • • • • • • • • • • • • •		• • • • • • • • • • • • • • • • • • • •		
`						
***************************************			•••••			
				• • • • • • • • • • • • • • • • • • • •		••••
*						
***************************************		••••••	***************************************		• • • • • • • • • • • • • • • • • • • •	
		*******				,
						·
•••••		•••••	• • • • • • • • • • • • • • • • • • • •	•••••		
				×		

						1
					•••••	
				ř.		

				•••••	•••••	} }
					••••••	
			••••			
			•••••			

BONDS

FIDELITY	Bonds	(Dishonesty	Insurance?
----------	-------	-------------	------------

Give	names	and	positions	of	employees	who	handle	or	control	cash,	securities,	valuables	or
prope	rtv.												

Name	Position	Maximum amount of cash or securi- ties to which employee has access
Give number of employees in	n each of the following classif	ications:

Class A Employees

Position	No.	Position	No.
Assistant Comptroller		Salesmen (Outside)	
Timekeepers		Watchmen	
Management Managers		Total Class A	

	••••••		• • • • • • • • • • • • • • • • • • • •	
	•••••		•••••	
				•••••
				•
······································	•••••	••••••	······································	
		••••••		
				•••••
· · · · · · · · · · · · · · · · · · ·				
	· · · · · · · · · · · · · · · · · · ·			•••••
		•••••		
		•••••		
		•		
······································				
			••••	

BONDS (Continued)

Class B Employees

Position	No.	Position	No.
Salesmen (Inside) Messengers (Inside) Office Clerks Filing Clerks Mail Clerks Stenographers		Business Machine Operators	
		Total Class B	
	ınics, laboı	rered in tables above (including forem	•
icense and Permit Bonds	•		
Any bonds required by city, county	y, state or	federal government for conduct of the	business or
any part thereof?			
Describe	•••••		
•••••	******************		······
ONTRACT BONDS			
Do you bid on city, state or governi	ment consti	ruction or supply contracts?	•••••
Are you interested in obtaining info	rmation on	r Federal contracts?	
orgery and Check Alteration			
Are employees paid by check?	••••••	How often?	
Maximum check ordinarily honored	by banks?		
		<u> </u>	

	SUPPLEMENTAL	NOTES
· · · · · · · · · · · · · · · · · · ·		
••••••		
	······································	

LIFE INSURANCE

Give names of owners, partners or executives whose death or disability would produce a serious financial loss
Give names of partners whose death with consequent liquidation of their interests could cause serious drain on the firm's financial resources or credit.
Has consideration been given to the growing use of group life, pension, disability and hospitalization insurance?
If information is desired, secure schedule of employees, showing age, sex, salary, and date of employment.
· · · · · · · · · · · · · · · · · · ·

	en en grant de la companya de la co
	·

en e	

RECEIPT FOR POLICIES

Policy No.	Kind of Policy	Company	Expiration
	••••••		
	••••••		
•••••			
••••••	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
•			
••••••	••••		

•••••			

			1
		Date	
I hereby acknow	ledge receipt of the	above policies which have been lo	paned to me with the asurance analysis.

	• • • • • • •	
		ĺ
	•••••	
]
		- [
	·.····	
		2
	4	
]
	,	
	,	
•••••	7	
	······································	
	,	
	•••••	
	% -1	
	• • • • • • • • • • • • • • • • • • •	
······································	1	ı
	•••••	
	* •	

LIST ALL INSURANCE POLICIES HERE

Kind of Coverage	Amount or Limits	Premium	Term	Present Agent	Expiration Date	Expiration Record Made
		•••••		••••••	•••••••••••••••••••••••••••••••••••••••	
		••••				
						• • • • • • • • • • • • • • • • • • • •
						,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
•••••••••••••••••••••••••••••••••••••••					••••	
••••••					***************************************	
•••••••••••••••••••••••••••••••					••••••	
•••••						

······						
•						
			į			
	i .	1				

				ta da									
		• • • • • • • • • • • •	••••••	• • • • • • • • • • • • • • • • • • • •	•								
		.,		• • • • • • • • • • • • • • • • • • • •					•••••				••••
•••••				• • • • • • • • • • • • • • • • • • • •		••••••	••••••		••••••	•••••	• • • • • • • • • • • • • • • • • • • •		••••
• • • • • • • • • • • • • • • • • • • •							•••••			•	• • • • • • • • • • • • • • • • • • • •		••••
		• • • • • • • • • • • • • • • • • • • •	•••••	• • • • • • • • • • • • • • • • • • • •	•••••	••••••	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •	•••••••	••••••	• • • • • • • • • • • • • • • • • • • •		••••
•••••	••••								•••••	••••••	•••••	•••••	••••
												•	
	•••••	• • • • • • • • • • • • • • • • • • • •				••••••	• • • • • • • • • • • • • • • • • • • •	••••••	• • • • • • • • • • • • • • • • • • • •	•••••		•••••	••••
••••					•••••				•••••				
			-	•						÷			
••••••	••••••	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •		•••••						• • • • • • • • • • • • • • • • • • • •	••••••	••••
•••••	••••										•••••		••••
			•										
•••••							••••••	• • • • • • • • • • • • • • • • • • • •			•••••	••••••	••••
	••••		••••					•		•••••	• • • • • • • • • • • • • • • • • • • •		
•••••					• • • • • • • • • • • • • • • • • • • •	••••••				••••••••••	•••••	• • • • • • • • • • • • • • • • • • • •	••••
									•••••				
			••••••	• • • • • • • • • • • • • • • • • • • •	•••••	•••••	• • • • • • • • • • • • • • • • • • • •		••••••	••••••	••••••		••••
				· · · · · · · · · · · · · · · · · · ·					·	•••••	••••		
								·					
•••••		•••••			•••••			• • • • • • • • • • • • • • • • • • • •	•••••			••••••	
		· · · · · · · · · · · · · · · · · · ·	,			•••••	••••	• • • • • • • • • • • • • • • • • • • •				······	
•••••					•••••	••••••	•••••	• • • • • • • • • • • • • • • • • • • •		••••••	•••••	• • • • • • • • • • • • • • • • • • • •	••••
					••••							•••••	
•••••						••••••	••••••				••••••	• • • • • • • • • • • • • • • • • • • •	
							• • • • • • • • • • • • • • • • • • • •					· · · · · · · · · · · · · · · · · · ·	
*					• •		•						
	•••••	• • • • • • • • • • • • • • • • • • • •	••••••			••••••			•••••		•••••	• • • • • • • • • • • • • • • • • • • •	••••
•••••						•	•	· • • • • • • • • • • • • • • • • • • •					
•••••					•••••	•••••	••••••••	• • • • • • • • • • • • • • • • • • • •	•••••			• • • • • • • • • • • • • • • • • • • •	
••••					********								
							•••••	••••••	•••••		**********	••••	
						• • • • • • • • • • • • • • • • • • • •						•••••	

	······
	······································
	·····
······································	

	•••••
	:

	:
	· · · · · · · · · · · · · · · · · · ·
	\$ -}
······································	
•••••	

	•
	•••••
	•••••
••••••	
······································	
······································	
·····	

APPENDIX "K"

SOLICITATION RECORD

(Personal Risks)

A CANADA CONTRACTOR OF THE PARTY OF THE PART	The Color of the property of the color of th		SOLICITATE	STATION KBCOKD	OKD					
		-		(Personal Risks)						
			BUSINESS ADDRESS DEVELOPED BY			PHC	PHONE—Business DEVELOPED BV	田	Ноте	
		MATION				GENE	GENERAL INFORMATION			
**************************************				Sports activ	Sports activities, hobbies, etc.	s, etc.				
ΔS				Seasonal home	ome					
CAF				Other prop	Other property and land	p				
3X (Yacht or motor boat	notor boat					
IAIC				Dogs or live stock	e stock	- ~				
				Airplane						
TES OF OF		MAILINGS	CLASS OF INSURANCE		CURRENT MA	MAILINGS SENT	CLASS OF INSURANCE		CURRENT	MAILINGS
rod Eoi			Gold and Silverware Floater			Boat I	Boat Liability			
			Musical Instruments Floater			Horse	Horse & Wagon Floater			
NC			Camera Floater			Live Stock	tock			
OR.			Stamp Collection Floater			Teams	Teams' Liability			
CIT			Hobby Floater			Bicycle	Bicycle Liability			
B ITOS	SEN YDE		Wedding Presents			Aircraft	ţ			
			Trip Transit			-				
War Risks					-	Automobile	obile			
Rental Value						Com	Comprehensive			
Glass			Owners' Landlords' & Tenants' Liability	Liability		Fire,	Fire, Theft & Tornado			
			Employers' Liability			Collision	ion			
Combined Residence			Workmen's Compensation			Bodi	Bodily Injury Liability			
Residence Burglary			Elevator Liability			Prop	Property Damage Liability			
Safe Burglary			Owners' Protective			Tow	Towing & Emergency Service			
Residence Boiler			A11 C T 1 111							
			All Sports Liability			Admin	Administration, Court & Fidelity Bonds	Bonds		
Personal Property Floater	er		Combined Golfers			Deposit	Depositors' Forgery			
Personal Effects Floater			Golfers' Floater			Safe Do	Safe Deposit Box			
Tourist Baggage			Golfers' Liability			Securities	SS			
Jewelry-Fur Floater			Gun Floater			Accider	Accident & Hospitalization			
Fur Floater			Yacht, Sail & Motor Boat			Health	Health & Hospitalization			
Fine Arts			Outboard Motor Boat and/or Motor	otor		Life Insurance	urance			
(V) written by your Office.	Hice. (O) written by another Agent or Broker.	nother Agen	HOW TO CODE "CURRENT STATUS" at or Broker. (X) should be solicited.	URRENT ST oe solicited.	rattus" (S) si	(S) suggested in Survey.		(R) presented but rejected by Insured.	cted by Ins	ured.

Home	A LOIME		Z							NCE CURRENT MAILINGS STATUS														ice		ity Bonds						
PHONE—Business	DEVELOPED By		GENERAL INFORMATION							CLASS OF INSURANCE	Boat Liability	Horse & Wagon Floater	Live Stock	Teams' Liability	Bicycle Liability	Aircraft		Automobile	Comprehensive	Fire, Theft & Tornado	Collision	Bodily Injury Liability	Property Damage Liability	Towing & Emergency Service		Administration, Court & Fidelity Bonds	Depositors' Forgery	Safe Deposit Box	Securities	Accident & Hospitalization	Health & Hospitalization	Life Insurance
				hobbies, etc.		nd land	boat	¥		NT MAILINGS SENT																						
Risks)				Sports activities, hobbies, etc.	Seasonal home	Other property and land	Yacht or motor boat	Dogs or live stock	Airplane	CURRENT										oility												
(Personal Risks) BUSINESS	BUSINESS ADDRESS			S	S		X	Ω	A	CLASS OF INSURANCE	Gold and Silverware Floater	Musical Instruments Floater	Camera Floater	Stamp Collection Floater	Hobby Floater	Wedding Presents	Trip Transit		Combined Personal Liability	Owners' Landlords' & Tenants' Liability	Employers' Liability	Workmen's Compensation	Elevator Liability	Owners' Protective		All Sports Liability	Combined Golfers	Golfers' Floater	Golfers' Liability	Gun Floater	Yacht, Sail & Motor Boat	Outboard Motor Boat and/or Motor
[]	1		GENERAL INFORMATION					,		MAILINGS																						
			AL INFOR							CURRENT						- 63																
INSURED	RESIDENCE	HOW DEVELOPED	GENER	Single or married	Date of birth	Children	Home owned or rented	Employees	Cars	CLASS OF INSURANCE	Fire & Lightning	Extended Coverage	Windstorm & Hail	Riot & Civil Commotion	Explosion	Aircraft & Motor Vehicle Property Damage	Earthquake	War Risks	Rental Value	Glass		Combined Residence	Residence Burglary	Safe Burglary	Residence Boiler		Personal Property Floater	Personal Effects Floater	Tourist Baggage	Jewelry-Fur Floater	Fur Floater	Fine Arts

-SUFICITATION RECORE

			RESULTS:	LINES DISCUSSED:	BY WHOM:	DATE INTERVIEWED:			RESULTS:	LINES DISCUSSED:	BY WHOM:	DATE INTERVIEWED:								-
0.5.7r	Koyai-Liverpool	Thames and Mersey Marine Insur	The Seaboard Insurance Company	Royal Indemnity Co	The Newark Fire Insuran Queen Insurance Compan	Globe Indemnity Co The Liverpool and London and Globe I	The British and Foreign Marine In Capital Fire Insurance Compa Eagle Indemnity Co Federal Union Insurance	American and Foreign Insu							(Personal Ris)	Solicitation			Address:	

Sol	·	ress:	red:
Solicitation Record			
tat			
101			
1			
ec			
or			
C			
			l

(Personal Risks)

MISCELLANEOUS NOTES

Thames and Mersey Marine Insurance Company, Ltd. Liverpool and London and Globe Insurance Company, Ltd.
The Newark Fire Insurance Company American and Foreign Insurance Company he British and Foreign Marine Insurance Company, Ltd. Royal-Liverpool Insurance Royal Insurance Company, Ltd.
The Seaboard Insurance Company of Maryland Capital Fire Insurance Company of California Queen Insurance Company of America Star Insurance Company of America Federal Union Insurance Company Globe Indemnity Company Royal Indemnity Company Eagle Indemnity Company

RESULTS: BY WHOM: DATE INTERVIEWED: LINES DISCUSSED: RESULTS: LINES DISCUSSED: BY WHOM: LINES DISCUSSED: BY WHOM: BY WHOM: DATE INTERVIEWED: DATE INTERVIEWED: RESULTS: DATE INTERVIEWED: RESULTS: LINES DISCUSSED: