

RECONSTRUCTION AND EXPANSION

(1950-1960)

*C. Stuart Malcolm, CUA President,
1951.*

CHAPTER VIII

The 1950s represented an era of rapidly changing ideologies as the uncertainty and pessimism that had developed in the 1940s gave way to a new sense of optimism encouraged by a return to peace and renewed stability. The negativism engendered by two world wars and the financial crisis of the 1930s was best characterized in 1948 by CUA President Robert Lynch Stailing who stated:

...we meet in a world still wracked and stricken, after three years of peace, by the effects of two devastating and destructive wars – a world in travail struggling to be “newborn again”. A world of unrest, of disillusioned and discontented men and nations, of shattered currencies, inflated values, distressing scarcities, high costs and crippling taxes...The times are “out of joint” and men and



nations are casting about for leaders and theories, new and untried, to extricate themselves from their difficulties...Democracy with its institutions, the capitalistic system, free enterprise and liberty, under which mankind has achieved its highest standards and greatest prosperity, is facing the sinister challenges of socialism and communism with their regimentation and restrictions, their exaltation of the State and the rejection or negation of the dignity and worth of human personality.

During the 1950s, the Canadian economy experienced rapid expansion through the increased exploitation of resources and industrial diversification. The new optimism and prosperity of the decade brought with it ‘inflation’, a phenomenon that still haunts us today.

As mentioned in the previous chapter, the powers of the CUA were temporarily diminished at



*Norman G. Bethune, CUA
President, 1952.*

the conclusion of the 1940s. In 1948, Pat Waylett, Norman Bethune and Ralph Sketch submitted a proposal that advocated merging all the rating and inspection bodies in Canada and abolishing the Dominion Board. The suggestion was not implemented and instead, the powers of the Dominion Board were expanded at the expense of the CUA and the other five regional tariff organizations, which included:

Western Canada Underwriters' Association (Winnipeg) British Columbia Underwriters' Association (Vancouver) New Brunswick Board of Underwriters (Saint John) Nova Scotia Board of Insurance Underwriters (Halifax) Prince Edward Island Board of Insurance Underwriters (Charlottetown)

The object of this reorganization was to enable the Dominion Board to function as originally intended – to supervise the

activities of all tariff companies across the country. The objects of the board read, in part:

...to promote a high ethical standard in the conduct of the business of Insurance. To combine their experience for study and analysis to the end that all equitable and indiscriminatory premium rates may be established. To secure the economy which results from one organization doing the necessary work for all in the promulgation of premium rates and forms, obtaining maps, plans, surveys and inspections and carrying on such other necessary operations as may be performed by one organization for the benefit of all.

(Canadian Underwriter, January 1954.)

In serving as a forum for debate and the interchange of ideas, this experiment succeeded to a certain extent. But the machinery involved was both cumbersome and expensive. An added problem was that Dominion Board

decisions were being reversed in CUA meetings or by any of the other 'autonomous' associations across the country. The experiment to strengthen the Dominion Board would conclude before decade's end, and the board would be amalgamated with a reorganized Canadian Underwriters' Association.

The 1940s had witnessed a steadily increasing number of fire insurance claims. During this period, 500,454 fires in Canada destroyed over \$394,000,000 of property, claimed 3,441 lives and injured another 14,000.

In describing the reasons for this trend, Ontario Deputy Fire Marshall J.E. Ritchie explained:

During the war, a great deal of machinery and equipment became obsolescent or seriously depreciated due to the fact that materials for replacements and repairs were in short supply. This is a condition that



Rimouski, Quebec, was devastated by fire in May, 1950.

has not yet been fully overcome and no doubt accounts for some of the fires that have been so disastrous. Unfortunately, the necessary increased vigilance has not always been maintained to ensure that the old equipment does not develop hazards that are inherent because of age and depreciation...too many industries rely almost entirely upon the municipal fire department for protection.

(*Monetary Times*, October 1949.)

The trend continued in the 1950s as the decade opened with one of the worst fires in Canadian history.

On May 7, 1950, fire broke out in the small Quebec town of Rimouski. It began in a lumber mill and was fanned by strong winds, causing some \$20,000,000 worth of property damage, surpassing the Toronto fire of 1904 (\$11,000,000). Before the Rimouski fire was brought under control, it had destroyed the seminary, convent, hospital, court house, orphanage and old people's home. Other victims of the fire included the Price Brothers and Company Ltd., two hotels, a cinema, a venetian blind manufacturing plant, an auto-parts store, grocery stores, drug stores and garages. In short, the town of Rimouski lost practically all of its small industry within a 24 hour period. While no lives were lost in the fire, 2,500 of the population of 15,000 were left homeless. Many suffered a double loss of both home and place of employment.

Ralph Sketch, a future president of the Canadian Underwriters' Association, visited the town one day after the fire. He witnessed and later remembered:

...heartbroken people grubbing through the ashes of their homes, looking for treasured possessions. I saw a storekeeper standing amid the ruins of his business, crying and saying he was convinced the town was finished...Most moving were the reactions of members of an order of nuns cleaning up the mess in a so-called fireproof hospital. The nuns had worked constantly for twenty-four hours to evacuate the sick and now, in the one-time operating room, they were looking for instruments that could be salvaged. Their uniforms, hands and faces were smudged with dirt...Within two years, I returned to Rimouski and saw a prosperous rejuvenated town, better laid-out and better built. Once again, I went to the hospital, and there, escorted by the same Mother Superior, I saw another rebirth. Aglow with one of those angelic smiles often seen on the faces of those who work for the welfare of others, the Mother Superior said to me, her eyes twinkling through her glasses: "Thank God for the insurance companies."
(*Canadian Insurance*, December 1981.)

One of the least publicized facts about the Rimouski fire was the personalized service and speed of insurance companies aiding victims of the disaster. In fact, the fire had not yet been extinguished when company representatives met in Montreal to assess the extent of damage and to formulate plans to help the thousands driven from their homes. William Perego (Royal) coordinated the efforts of the Canadian Underwriters' Association members and the Independent Fire Insurance Conference to create an emergency organization to handle the disaster. An insurance committee was dispatched to Rimouski complete with all the

necessary forms and instructions to process information quickly and avoid needless delays.

Through the press, radio and sound truck, the insurance committee advised Rimouski citizens about how to file claims. The first of these claims were actually processed and paid on May 8th — one day after the fire — and within a week, nearly 1,000 claims in some 200 companies had been settled. In many cases, the insurance companies went beyond the actual terms of their contracts in order to make money available quickly to those hardest hit.

Hardly had the ashes of the Rimouski fire cooled when the neighbouring community of Cabano burst into flames. Although smaller than the Rimouski fire, the Cabano disaster razed 122 homes, the entire business section and nearly every industry in the community. In addition, 100 homes were so badly damaged they required extensive renovation to become habitable again. Of the 3,200 residents, roughly 1,800 were at least temporarily forced out of their homes.

The growing loss from fire in the 1940s and the terrible conflagrations at Rimouski and Cabano in 1950, drew attention to the need to 'insure to value'. Despite the rapid increase in the value of building materials and labour (costs had more than doubled between 1939 and 1948) many people still carried the same low insurance protection from the pre-war period. The problems created by this inflationary period on the adequacy of insurance

INSURANCE EMERGENCY BULLETIN

from members of
**THE WESTERN CANADA INSURANCE
UNDERWRITERS' ASSOCIATION**

writing

Fire - Automobile - Casualty - Personal Property Floater Insurance

Realizing the concern in the minds of all their policyholders in areas throughout Greater Winnipeg and Manitoba where flood conditions exist, the undersigned Insurance Companies announce that the following measures have been taken to safeguard their policyholders' interests:-

- (1) For the protection of policyholders, all insurance contracts expiring between the period May 1st to June 15th, 1950, will be **AUTOMATICALLY** renewed for the same amount and subject to the same policy conditions unless other arrangements are, or have been made.
- (2) Where it is necessary to remove household effects and personal property to temporary locations, insurance policies are extended to cover these articles until conditions return to normal.
- (3) Fully realizing that in this emergency it will not always be possible for policyholders to comply with certain policy conditions, such as the use of gasoline, temporary vacancy or unoccupancy, and the maintenance of automatic sprinkler and alarm systems, such non-compliance will not be regarded as violation of policy conditions.
- (4) Insurance Companies and their Agents are doing everything in their power to maintain their facilities and services to the public, and to co-operate with flood authorities during this emergency.

The granting of these emergency privileges will alleviate, to some extent, the natural concern of policyholders who, through circumstances beyond their control, have not yet been able to contact their Insurance Agent.

Published in the public interest by —

THE WESTERN CANADA INSURANCE UNDERWRITERS' ASSOCIATION

Head Office: 1100 Paris Building, Winnipeg



affected both the large and small risks.

The insured had recently retired from business and his income was limited to a small pension allowance and profits accruing from the ownership of property. This property consisted of two apartments which were rented and a third apartment which was occupied by himself and his wife. One day, the insured discovered a small fire in the bundled waste paper in his basement. He tried to extinguish it himself, then called the fire department. The response was quick enough, but because the hydrant was buried in snow and frozen, little could be done at once. By the time water was secured, the fire had extended through the roof and before it could be put out, the interior of the building was destroyed. Actual loss sustained was \$12,000—the insurance carried was \$4,000 (based on a ten year old valuation)—loss to the insured was \$8,000.

(Monetary Times, May 1951.)

The association spent considerable money trying to tell the public that as values increased, insurance coverage should too.

The formulation of accurate and equitable automobile insurance rates had evolved by this time to a sound statistical basis.

Throughout the year, all Canadian companies (whether tariff or not) punched cards that recorded details of every car insured and every loss paid or outstanding in the country. The material was then gathered and sorted by territories. Late in September, the information was printed and sent to the various automobile rating experts, who translated these figures into rates. For example, in 1950, the trend had been toward an increase in losses that triggered an increase in rates.

Numerous committees met to deliberate over the statistics for each individual territory and then implemented the new rates. The various factors involved in the formulation of rates are apparent from the following excerpt:

Car models change every year, and every change in model means a change in the cost of repairs. In recent years wages have been going up so that the cost of repair has been increased. In regard to bodily injury claims, on account of wages being higher, claims are higher, in fact everything is higher. It is no use the public growling against the Insurance Companies for the Automobile Insurance rates, because it is the public that makes the rates. They cause the accidents; they buy the streamlined models that the manufacturers produce, and therefore they have to bear the cost of repairing them. In general the cost of a new automobile has gone up much more in recent years than the cost of its insurance. (Board Advocate, January 1950.)

Even in the 1950s automobile insurance men fondly remembered the war years in their industry:

...during the war years, when gasoline was rationed, discounts had to be allowed immediately. From one point of view, these were happy years to look back upon because people treated their automobiles with care: they drove carefully and cautiously in order to make their gasoline last as long as possible, and also to preserve their automobiles. The result was that the frequency of accidents went down very considerably. We need another dose of caution at the present time.

(Board Advocate, January 1950.)

During this period the Automobile Branch, under the chairmanship of G.B. Kenney, furnished a fine example of the pains taken to

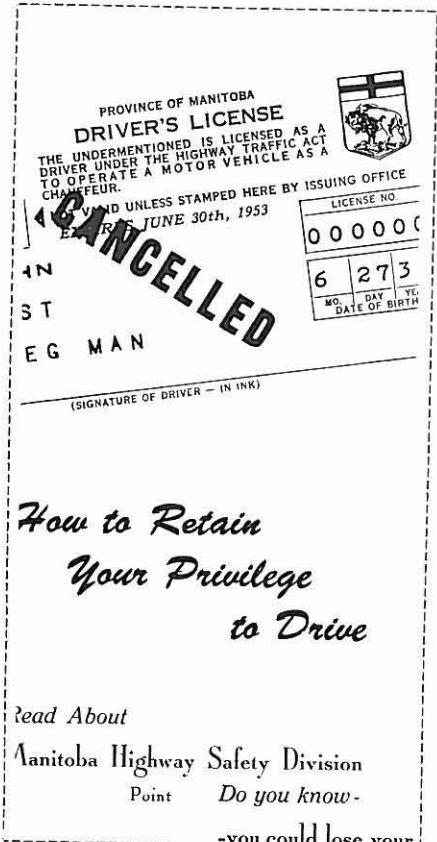
effect necessary changes reasonably and equitably. In 1952, the members of the association expressed serious concern over the needless waste of life and property caused by traffic accidents. In the past 20 years, 30,000 Canadians had been killed and over half a million injured and the rate of death and injury was increasing sharply. These appalling figures made absolutely no impression on the general public. Confusing cause and effect, their concern and indignation was concentrated on the 'high' rates and the fact that a rapidly constricting market for automobile insurance was developing. Complaining bitterly through the agents, the public called on the associated companies to find a solution to the problem.

In his annual address, Norman Bethune questioned whether the CUA was coping adequately with the problems encountered in the automobile insurance industry. While premiums for fire insurance were based on a rate of \$100, and the premiums increased with the value of the risk, automobile rates were calculated on the model of the car.

Bethune sketched out the dilemma facing the association in its attempts to determine an equitable rate for insurance at a time when both inflation and an unparalleled growth in the number of cars on the road made such calculations very difficult.

In 1937, the lowest-priced four door Ford Sedan cost approximately \$835. Our premium for Bodily Injury and Property Damage, Standard Limits, Collision—\$50. Deductible,

Safety-point driver rating systems were introduced in the early 1950's. The Insurance Agents Association of Winnipeg gave the scheme wide publicity.



*How to Retain
Your Privilege
to Drive*

Read About
Manitoba Highway Safety Division
Point Do you know-

-you could lose your

In the interests of Highway Safety Division Government keeps a record of Drivers involved are:

This is the

MANITOBA SAFETY-POINT SCORE SYSTEM

	Points
Accidents Involving Fatalities with Conviction	10
Driving Under the Influence of Intoxicating Liquor or Drugs . . .	10
Leaving the Scene of an Accident	8
Driving Under Suspension	7
Furious Driving	6
Third Speed Conviction	4
Exceeding the Speed Limit	2
All Other Moving Violations and Convictions	2
Accident with Violation	2
Accident (moving involvement)	1

If sufficient points are scored against you, you may be called in for a Driver's Test and you could have your license suspended or cancelled.

The object is not to impose penalties but to reduce accidents through the

Drivers Improvement Plan

Fire and Theft in Ontario was \$44.15. On translating this into rate—or the cost of \$100 insurance—we get a rate of \$5.16...In 1952, the same car costs \$2246 and on the lowest rated class (in which 48.3% of our private passenger cars are found) we get a premium for the same cover of \$69.50 or a rate of \$3.10-40 percent less than we were getting 15 years ago.

The CUA devised a program for automobile insurance taking into account the following considerations: (1) to recognize in a special way the driver with an accident-free record, (2) to control rising premium costs through a reduction in both the company expense factor and in the agents' allowance, (3) concurrent with recognition of the principle of application of a trend factor in automobile rating. This program was carried to supervisory officials and to every organized agency body across Canada by a special Dominion Board committee. It offered hope of easing market capacity through the possibility, however slender, of companies writing the class at a profit, of controlling necessary rate increases within reasonable limits, and of retaining the business to private enterprise through

the agency system.

The task of the committee was an arduous one, but sufficient support was developed to implement the program by 1953. This action exemplifies how the board companies were called upon time and again to extricate the whole industry from difficulties not entirely of their making.

Throughout the period covered by this book, the role of the insurance agent had undergone a radical transformation as described by Norman Bethune's remarks in 1954:

There was a time in my grandfather's day as an insurance agent, when an agent used all his energy and influence to obtain the representation of a substantial insurance company and, having succeeded in this, relaxed to reap the harvest of business which flowed to him. Similarly the companies, after very careful consideration granted agencies to the most reputable and responsible applicants and then everything was up to the underwriter who could pick and choose from the business which flowed in.

The increase in the number of companies and agents transacting business resulted in fierce competition by the 1950s, making a life of relative ease for the agent a thing of the past.

The concept of agency insurance came under attack during this period. In addition to the pressures brought to bear on the insurance business by renewed competition, there arose a new threat to insurance agencies. The new nemesis was 'direct writing', a development that affected association companies and agents alike. In direct writing, especially in automobile insurance, a company solicited business through salaried employees



D. K. MacDonald, CUA President, 1953.

and retained ownership over the business so attracted. Solicitors acted for only one company and if they left the organization, renewals belonged to the company.

The general solution to battle the new competition involved closer cooperation between association members and their agents. Because it was impossible to compete solely on the basis of price, other factors such as overhead costs and capturing public confidence were emphasized. This was the focus of the message delivered by Norman Bethune in 1954:

...this challenge to the agency system of operation can and will be met by our members and their agents — not only by attempting to compete on price but by convincing the purchasers of insurance, by word and deed, that through our agents we are

selling not only insurance policies but sound protection to meet their specific needs, and for the peace of mind it brings.

Two important events affecting tariff and non-tariff companies in the early 1950s were the formation of the Underwriters' Adjustment Bureau and the Insurance Institute of Canada.

Agitation for the establishment of an organization to administer insurance adjusting had arisen as early as 1892, but nothing developed for almost 60 years. In 1951, the Underwriters' Adjustment Bureau was finally formed and C.N. Turner named its first General Manager. The bureau, modelled after an American body dating back to 1888, was incorporated under federal charter with shares held by 146 tariff, non-tariff and mutual fire and casualty insurance companies operating in Canada. The Adjustment Bureau was established to improve the settlement of claims and to ensure more equitable and uniform adjustments in fire and casualty insurance. In introducing standardization into claims adjusting, the bureau profited from being able to pool its members' loss experiences. The organization enjoyed success from the outset. After less than a year's operation, 27 more companies joined its ranks and the authorized capital was expanded from \$500,000 to \$1,000,000.

With branch offices soon established across the country, the bureau could, in the event of a major disaster such as the Rimouski fire in 1950, call upon a network of experienced adjusters.

The second organization, the



L. L. Lewis, CUA President, 1954.

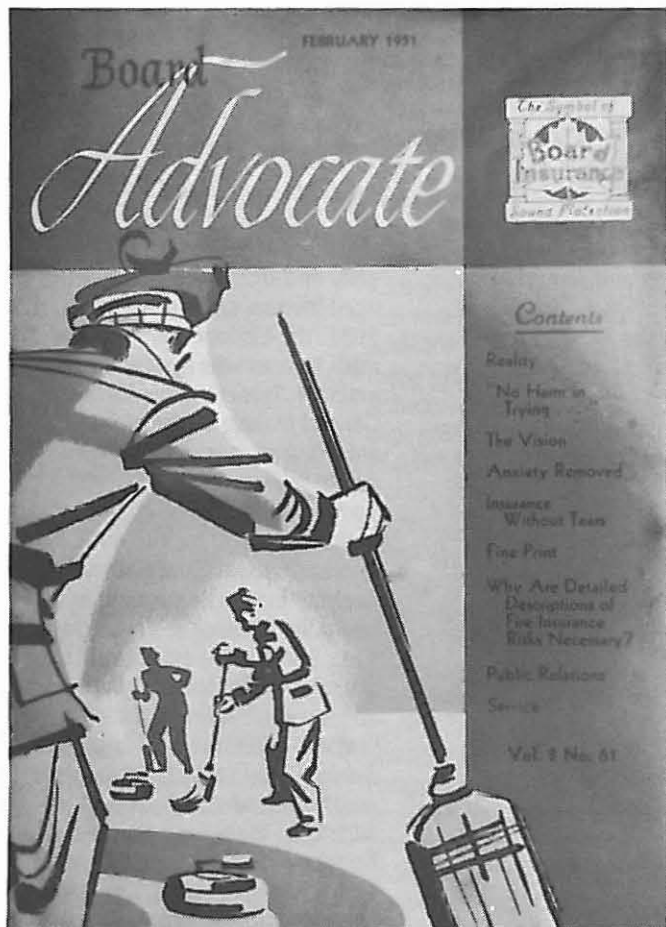
Insurance Institute of Canada, represented the amalgamation of a number of local institutes from across the country. These local institutes, designed to train insur-

ance staff and agents, had been established in Montreal, Toronto, Winnipeg and Vancouver, and were supported by the insurance companies they served. Major

problems developed when the institutes in Montreal and Toronto set their own examinations based on their own standards. The Winnipeg and Vancouver bodies, meanwhile, followed the courses established by the Insurance Institute of America and used their exams. No common national standard existed and the quality of training varied across Canada. While this situation persisted, there could be "no professional qualifications such as those set by other businesses of similar nature". The lack of a centralized training program presented serious problems with the expansion of branch offices.

The Insurance Institute of Canada became a reality in 1952 through the cooperation of the All Canada Insurance Federation and representatives of the four local institutes. The Canadian institute established standards and set country-wide examinations. Graduates of the program were qualified to become Fellows and/or Associates of the Institute (FIIC or AIIC). The Head Office was established in Toronto with Norman G. Bethune (one-time president of the CUA) serving as the institute's first president. Insurance companies made contributions to the national body based on premiums collected which in turn financed the other local institutes. A constitution and by-laws were drafted based on those established by the Incorporated Australian Insurance Institute which began in 1919. Adaptations were necessary to conform with Canadian requirements.

Both the Underwriters' Adjustment Bureau and the Insurance Institute of Canada represented



The BOARD ADVOCATE, published for its members by the CUA, campaigned against dangerous risks.

great strides in the insurance field. They introduced an unprecedented level of standardization to the business. More importantly, they provided a forum for tariff and non-tariff insurance companies to meet and exchange information. This experience would pave the way for future cooperation.

In 1954, the Independent Fire Insurance Conference filed a brief with the Royal Commission on Patents, Copyrights, Trade Marks and Industrial Designs urging that the Copyright Act be amended so that it would become possible for companies that were not members of the association to purchase the Underwriters' Survey Bureau's plans. In 1958, the commission issued its report recommending that the Copyright Act should not provide a means for non-tariff companies obtaining access to insurance plans and other related rating material.

The stamping of casualty and automobile business had been discontinued early in the decade as an economic measure. In November 1955, the stamping of dwelling business in the Fire Branch was discontinued. This entailed the abolition of the 'entry desk' by means of which a record of policy and renewal receipts for each company were retained to ensure that all policies were submitted. Once this formal scrutiny was removed, some companies became casual in their observance of this requirement and others made no submissions. In 1957 stamping of this business ceased.

The premium income of CUA members continued to grow at an unparalleled rate. While the association's ratio of expenses during this period had fallen for the Automobile and Casualty Branches, in the Fire Branch it had risen from \$17.57 per \$1,000 in 1951-52 to \$21.37 in 1957-58.

An addition of a substantial assessment was also made at this time for the Multi-Peril Branch. But the matter that gave the association most concern was the decrease from 77 percent in 1917 to 42.8 percent in 1955 in the members' percentage of fire premium income from the two provinces. This may be explained partially by the increase in competition. In 1956, 360 companies were licensed by the Federal

Insurance Department for fire and casualty, in addition to the many licensed by the provincial governments. Members felt, however, this explanation was not sufficient and made constant efforts to improve the association's services and facilities. One move was the formation of the Special Hazards Department in 1953. This was accomplished by extending the provision of detailed underwriting reports beyond Sprinklered Risks to other risks that warranted specialized underwriting and engineering treatment.

One principal concern of the association for many years had been to devise some means to channel its services (plans, rating manuals, rating card sets, forms, etc.) for the exclusive use of members — those who paid for

THE INSURANCE INSTITUTE OF CANADA

PRIZE WINNERS — 1956 EXAMINATIONS

- (1) **Fellowship**—Sections II and III
(Final)Hackett, Lloyd A. (Shaw & Begg) Toronto
Lord Knollys Shield.
- (2) **Fellowship**—Section IHodkinson, Kenneth James (Royal) Winnipeg
Alfred Campbell Memorial Prize.
- (3) **Casualty Branch**—Part IIIOrmsby, Robert John (Liberty Mutual)
The All Canada Insurance Federation Prize. Toronto
- (4) **Casualty Branch**—Part IIPlante, Robert B. (Halifax) Toronto
Independent Automobile and Casualty Insurance Conference Prize.
- (5) **Inland Marine Branch**—Part IIISoars, Thomas Henry (Northern)
Canadian Federation of Insurance Agents Prize. Montreal
- (6) **Inland Marine Branch**—Part IISewell, Roy Lewis (Dom. of Can.)
Canadian Inland Underwriters' Conference Prize. Toronto
- (7) **Marine Branch**—Part IIIPettigrew, Michael B. G. (B. L. Johnson
Walton) Vancouver
W. E. D. Baldwin Prize (presented by the All Canada Insurance
Federation)
- (8) **Marine Branch**—Part IIMacFarlane, Roy Duncan (Great American)
Canadian Board of Marine Underwriters Prize. Toronto
- (9) **Fire Branch**—Part IIIMurphy, Roger Jacques (Phoenix of London)
Independent Fire Insurance Conference Prize. Montreal
- (10) **Fire Branch**—Part IIStewart, Alastair Neil (Coast Underwriters)
Dominion Board of Insurance Underwriters Prize. Vancouver
- (11) **General Branch**—Part ISilk, William Laughlin (Eagle Star) Toronto
George L. Schetky Prize (sponsored by the Vancouver Agents Asso-

Pres. Hamilton Makes 25-Year Awards To CUA Staff Members In Toronto

Recognition of long and devoted service with the CUA was made to 38 staff members who have joined the select ranks of the quarter-century group. Toronto's King Edward Hotel was the scene of a banquet in their honor.

The names of 30 men and 8 ladies provided the roll of honor at a banquet in Toronto's King Edward Hotel staged in recognition of their 25 years of service with the Canadian Underwriters' Association and the Underwriters Survey Bureau.

Mr. Alex. Hamilton, president of the CUA, handed over inscribed gold watches and silver trays to the 38 members of the Association, whose total service add up to 1157 years. Mr. E. C. Duff, manager of the Ontario branch, introduced the president, and was himself presented with a watch in recognition of 33 years with the CUA.

In presenting the awards, Mr. Hamilton said, "I am here tonight to express very sincere thanks from the council for a job well done." The CUA was dedicated to the maintenance of ethical standards in insurance, and those standards could not be put into effect without the confidence of its employees.

Added Stability

"Never was the need for a strong CUA greater than today," Mr. Hamilton stated, "and we belong to an Association of which we have no need to be ashamed. We have over 70 years of service behind us, during a period of expanding economy. Your long years of experience have added to the stability of the CUA; you well deserve the thanks which I am here to voice."

The companies, Mr. Hamilton stated, looked on the CUA as departments of its own particular offices, and watched the Association's welfare very closely. The fact that those

present were training younger persons to achieve the high standards they themselves had upheld augured well for the future.

Thanks to Mr. Hamilton were voiced by Mr. Duff, who added his compliments to the quarter-century group. It only required a little sober reflection, he said, to see that the Association was a very necessary organization.

"You are the backbone of that organization—which has seen many changes. You carry the welfare of the Association whenever you are outside, and we know you will see

that it continues to fulfil its functions."

Topping the honors list was W. Madden, whose presentation marked 41 years of service. With 35 years were: T. E. D. Boys, R. Cheeseman, J. Moore and E. G. Page; celebrating 34 years were J. S. Reid, F. S. Jones, J. G. Brown and V. A. Keech.

E. C. Duff and W. J. Allen, 33 years; H. G. Williamson and Miss R. Hopkinson, 32 years; Dr. W. S. Hunton and S. Hall, 31 years; C. H. Frederickson, W. H. Procter, R. J. Paul, J. A. Markham, C. B. Macqueen, Miss M. W. Hopkinson, Miss E. Arthur, and Miss N. Macdonald, 30 years:

C. W. Graham, Miss I. Braund, W. Sutton and H. Burfield, 29 years; T. F. Hunton, Miss E. Nettleton and Miss E. Perry, 28 years; R. J. Fahie and A. Coltman, 27 years; W. P. Wheatley, G. L. deLaplante, K. C. Wright and G. Mann, 26 years; H. B. Woodrow and Miss I. Barclay, 25 years.

25-Year Presentations Highlight CUA Dinner: Honor 22 In Montreal

Silver trays and gold watches were the marks of appreciation bestowed on members of the CUA celebrating 25 years of service with the organization at a ceremony in Montreal.

A total of 703 years of devoted service was honored in Montreal with the presentation of gifts to 22 members of the Canadian Underwriters' Association who have spent more than 25 years with the CUA.

Silver trays, and gold watches were presented to the Quarter Century group which consisted of three ladies and 19 men. This marked the foundation of the 25-year club for the Association and W. W. Owen, manager of the Montreal Branch of CUA expressed the wish that the event may be staged more often in future.

The Association whose doom has often been predicted continues strong and in Montreal marks its 73rd year of existence it was pointed out at the intimate ceremony in the Mount Royal Hotel. A banquet was staged to mark the occasion.

Special guests were Alex Hamilton, president of the Canadian Underwriters' Association, and manager of the Scottish-Union and National Insurance Co., with head office in Toronto; and two former managers of the Montreal branch, E. C. Duff, and Leslie Ham.

Topping the list with 44 years of service was James Dunlop, while only one year behind with 43 years came Daniel J. Henderson.

Next came Leo J. McCullen, E. Leo Murphy, and C. B. Coe, each with 38 years; K. W. Jamieson, and Charles MacDonal both with 36 years; Harold M. Smith, 33 years; I. H. Frechette, and Margery Wimple, both with 31 years.

With 30 years service came William A. Gard, H. Harris, John Pettit, and



C.U.A. 25-Year Club gets together in Toronto's King Edward Hotel.



Happy group of C.U.A. quarter-century club members celebrating in Montreal.

Frank Bowden came next with 29 years service each. Five persons followed with 28 years. These were Allison Walker, K. McC. Dolbey, M. Scane, W. W. Owen, and O. E. Jenkins. Henri Genereux celebrated his 27 years with the Association, Muriel Clark, 26, and P. D. Tuck, 25.

Striking Co-operation

In a short address Mr. Owen paid high tribute to the "delightful co-operation between members of the Association." This was particularly striking, he said, because of the union of two races and two religions, which present a harder task than in the rest of Canada.

"You people are the hard core of the Association. We are fortunate in working for an association such as ours," Mr. Owen stated.

President Hamilton expressed his thanks "for a job well done." "The 183 member companies are vitally concerned with the welfare of the staffs of the Associations, and events such as these are appreciated. Each company regards the CUA as its own, and the Association is devoted to the task of formulating the high ethical standards of the insurance business," Mr. Hamilton stated. "It is you who are charged with keeping these in the high regard the business is held by the public."



Alex Hamilton, president of the C.U.A., makes presentations in Montreal to James Dunlop, celebrating 44 years service, and to Daniel L. Henderson, with 43 years of service.

"In my view, and that of all segments of the business I believe, the CUA has never been stronger. Working for the preservation of life and property now has more than 70 years of history, and because of the way it has continued through wars and depressions we can say that the essence of the Association is stability."

"We are proud of the work you have done," Mr. Hamilton declared.

He stressed the continued need for training of the younger members of the business.

Mr. Duff is manager of the Toronto branch of CUA, while Mr. Ham is now manager of the Dominion Board of Insurance Underwriters.

(Leduc)

the benefits. As no non-intercourse or separation requirements for agents existed, they invariably used the association's material in transacting non-tariff business. The latter contributed nothing to the cost of this material, nor did they share in the expense of providing inspection services to municipalities.

The Agency Registration Plan, through which agents were graded in commissions by the percentage of business they gave to member companies, was an attempt to exercise some control over these services. Although some members responsible for the scheme professed to believe it

was fulfilling its purpose satisfactorily, it soon became apparent it would never entirely succeed without an expensive audit system. Another alternative was subsequently sought.

The value of the association lay in the services it rendered to its members, the public and to the industry as a whole. In turn, the quality of work and efficiency of service depended upon the staff of the CUA. During this period, about one-third of the staff consisted of inspectors. Many employees carrying out jobs broadly classified as 'office work' had received some specialized form of insurance training. Staff members with association experience were much in demand not only by member companies, but also by their competitors and by the industry as a whole. Some non-tariff companies were able to offer salaries the association could not meet and a considerable number of association-trained employees were lured away.

At a special banquet in 1956 held in honour of those members who joined the Quarter Century Club in the CUA, the president offered the following assessment of the role played by the association and the significance of its services:

Our Association is dedicated to the maintenance of high ethical standards in the conduct of the business of insurance and well deserves the confidence and respect which it is accorded by the public. The need to have a strong Underwriters' Association has been recognized down through the years by all segments of the insurance business in Canada and the need has never been greater

in our insurance history than it is at the present time. The work which the association does with the Canadian public through its operation helps in the improvement of risks, in the saving of both life and property from the hazards to which they are sub-

ject, as well as providing a stable and trustworthy insurance market. (Canadian Insurance, January 1956.) As the decade progressed, considerably more competition developed between tariff and non-tariff companies in the quest for insur-

ance premiums. The commission agreement of 1948 was largely ignored as many agents outside Toronto failed to comply with its terms. Many agents supported non-member companies in order to attract a higher rate of commission. As a result, a great number of attractive risks fell to non-tariff companies. This acute competition caused the association to reduce rates and broaden forms to such an extent that some portfolios became unprofitable. This occurred at a time when the industry faced an increasing number of claims and spiralling overhead costs driven up by inflation.

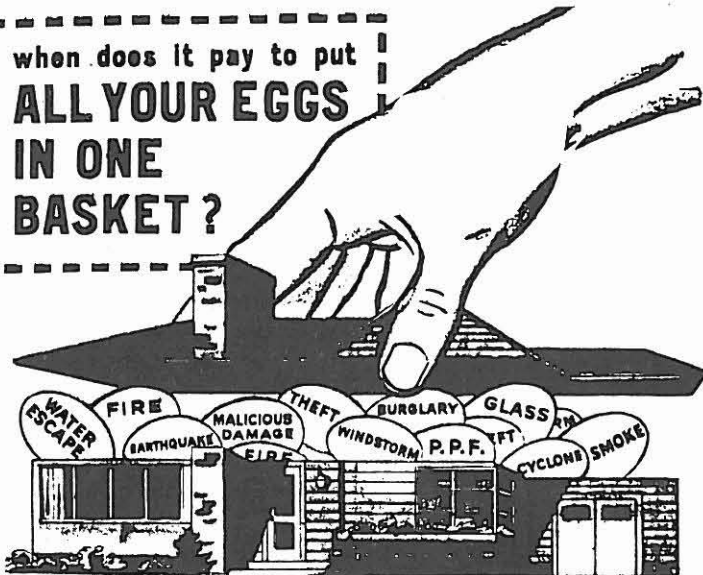
President C.D. Trusler commented in 1957 on the serious conditions confronting the association:

There is no doubt that we are facing very serious problems today and it is fundamental that insurance companies cannot contemplate continued adverse trading without taking steps to improve matters without delay. I wish I could report an improved trend during the first half of 1957 but it would appear that conditions have continued to deteriorate... Acute competition has caused us to reduce rates and to broaden forms to such a degree that our portfolios have become unprofitable.

During that year, membership in the association declined from 178 to 172, and the general insurance underwriting loss totalled \$77 million.

The situation did not improve in 1958, as H. Douglas Coe unhappily observed in his annual report: For several years now it has been the unhappy duty for the President of your Association to report an unsatisfactory year. I regret that this year has been no exception. As a matter of fact it will go down in our history

When does it pay to put
**ALL YOUR EGGS
IN ONE
BASKET?**



... NOW—with the **NEW, Dollar-Saving**

"BOARD" Composite Dwelling Policy

Here it is! A new, "Board" insurance policy designed to save you time and money. Combines all the features of your Dwelling, Personal Property and Liability Insurance in a single policy. Eliminates overlapping of insurance protection.

Now, instead of having a number of individual policies with separate premiums and expiry dates, you can purchase the exact coverage you want—including Fire, Windstorm, Explosion, Theft, Personal Property Floater, Glass Breakage, Personal Liability and others—in a

single policy. One premium, one expiry date... the new, ultra-modern way to buy insurance... of a saving of up to 10%.

YOUR PRESENT POLICIES

You receive credit for all your policies presently in force. As they expire, their coverage is automatically transferred to your "Board" Composite Dwelling Policy, which is issued on a three-year basis. And remember, you save up to 10% by changing to the new "Board" Composite Dwelling Policy.

Ask Your Insurance Agent

He will gladly explain the many advantages of this new "Board" Policy.

**THE WESTERN CANADA INSURANCE
UNDERWRITERS' ASSOCIATION**

IMPORTANT!

"BOARD" Fire rates on Dwellings and Contents have now been reduced another 10%.





S. M. Elliott, CUA President, 1955.

as one of the worst years we have experienced — the worst, we trust...If ever in the history of our Association clear thinking was necessary, it is in times such as these. Serious though the situation is, panic has no place in our business. A year ago, with conditions steadily worsening, there was a danger that too hasty action to correct the situation would have failed to produce the desired results — that the pendulum, having swung so far in one direction, would swing just so far in the other. The danger still exists and many problems remain to be solved, but I am confident that we who have surmounted so many difficulties in the past will be able to overcome those that face us today. The latter half of the 1950s represented something of a turning point for the Canadian Underwriters' Association. Faced with serious competition and constantly-rising prices, the members of the tariff organization had to take decisive action or risk the possible dissolution of the

association. The first of these changes occurred when the demise of the Dominion Board led to a rearrangement of the tariff insurance hierarchy.

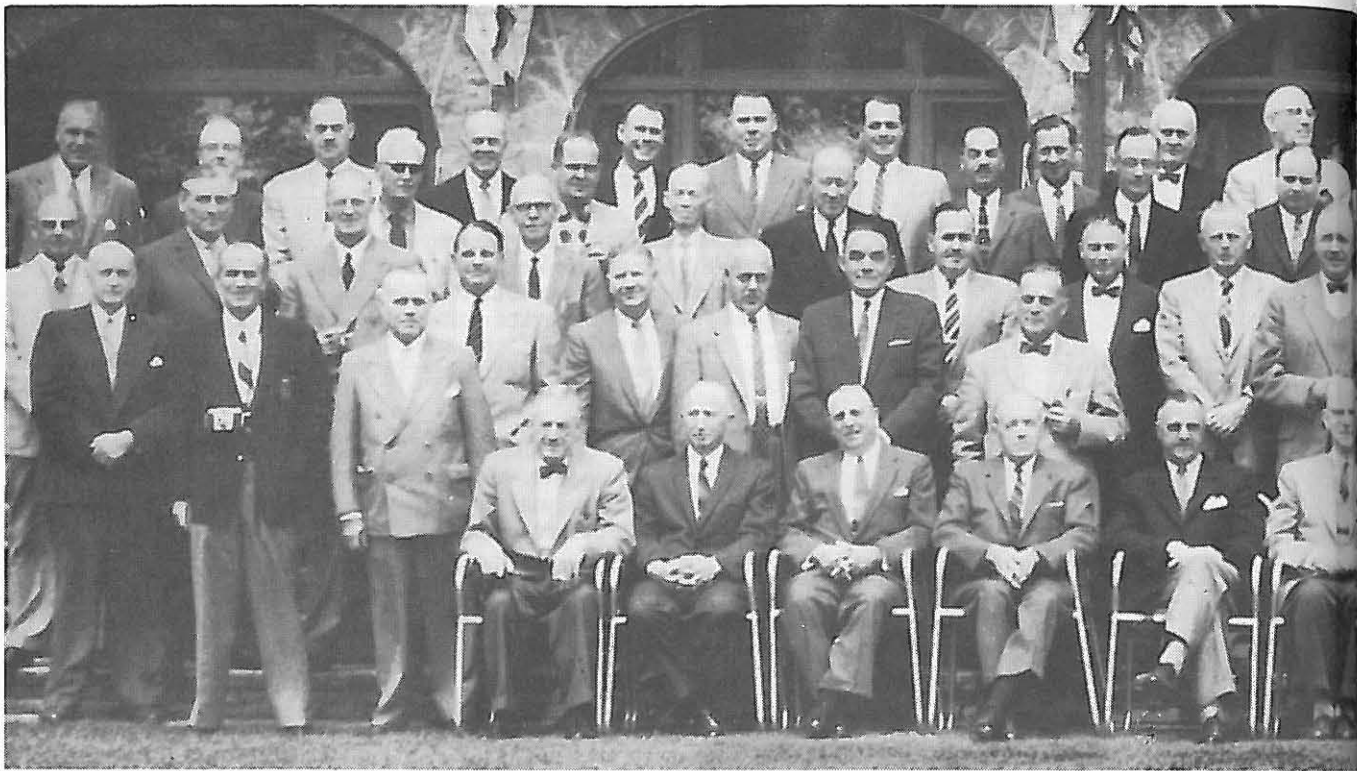
The emergence of the Dominion Board as the central power in 'board' insurance in the 1950s was actually short-lived. Opposition to its control came from two sources. The larger companies with many branch offices objected to the intervention of the Dominion Board because it threatened the autonomy they had come to enjoy and the small companies that came to Canada after the war found they could not afford to operate branch offices. The latter were forced to rely heavily on general agents who naturally opposed the extension of any central control.

Conditions in the insurance industry and duplication of services dictated that the Dominion Board be amalgamated with the Canadian Underwriters' Association. Following a vote by members earlier in the year, the merger took effect in June 1958, the 75th anniversary of the association. CUA President C.G. Angas explained the reasons for the amalgamation:

It was felt that a supervisory body controlled solely by Company Managers was essential to the best interest of Tariff Insurers, but as Head Offices have extended their activities across Canada and opened Branch Offices the original need of the Dominion Board has passed. Today we must recognize this and in the interests of economy and efficiency an amalgamation with the CUA is brought before you for consideration. The main objects of the Dominion Board and the new CUA are essen-

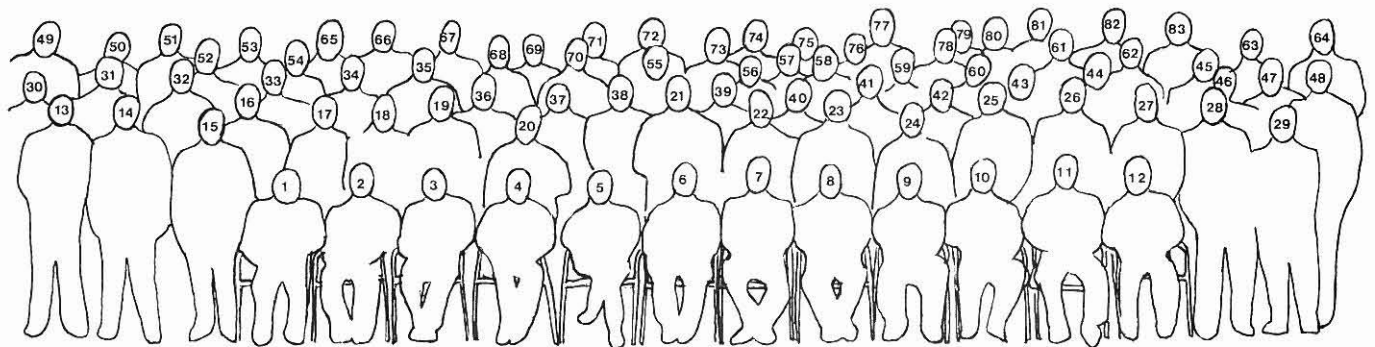
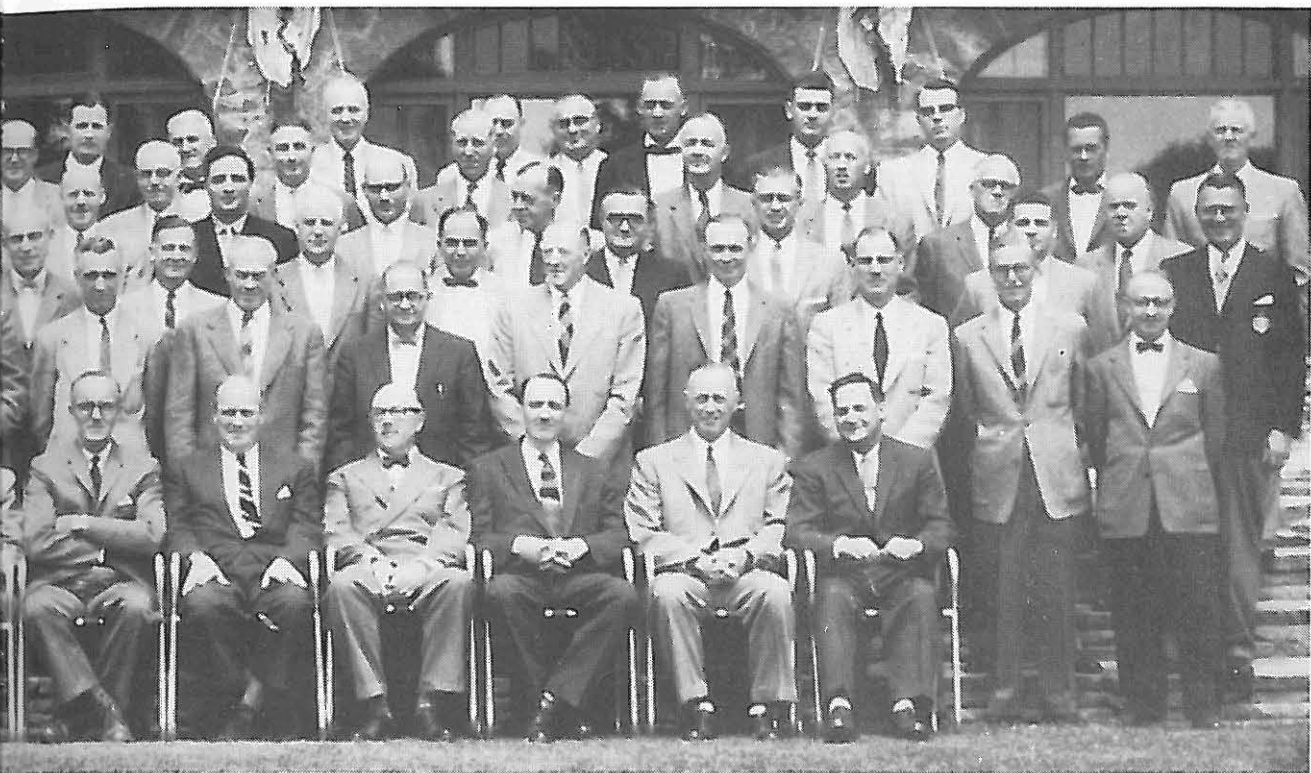


Alex. S. Hamilton, CUA President, 1956.



CANADIAN UNDERWRITERS' ASSOCIATION
Seventy-fifth Annual Meeting, Seigniory Club, Montebello,
Quebec, May 29-30, 1958.

- | | | |
|--|--|--|
| 1 A. Leslie Ham, Dominion Board of Ins. Und. | 28 Chas. Curtis, Employers' Liability | 55 J. B. Kemp, Springfield |
| 2 E.C. Duff, Manager of Ontario, C.U.A. | 29 H. W. Bell, Royal | 56 G. S. Murray, Guardian |
| 3 R.A. Dyer, North British & Mercantile | 30 Adrien Demers, Société Nationale | 57 J. Richardson, London & Lancashire |
| 4 A. Sunter, Union of Canton | 31 W. Vestey, Legal & General | 58 I. D. Mair, Prudential |
| 5 G. F. Burne, London & Lancashire | 32 L. J. Batty, Legal & General | 59 L. J. Field, Commercial Union |
| 6 W. H. Bell, Guardian of London | 33 R. S. Garvie, Aetna | 60 D. J. Dunlop, Atlas |
| 7 H. Douglas Coe, Hartford Fire | 34 Norman F. Jardine, C.U.A. | 61 R. Wilson-Smith, Chronicle newspaper |
| 8 C. G. Angas, Yorkshire | 35 D. L. Davey, Yorkshire | 62 J. S. Wyndham, Canadian Insurance |
| 9 C. D. Trusler, Commercial Union | 36 E.A. W. Paterson, London Assurance | 63 J. L. Plante, New Hampshire |
| 10 F. C. Smart, Phoenix of London | 37 C. F. Mist, Boston | 64 R. S. Aitken, Home of New York |
| 11 George B. Kenney, Phoenix of Hartford | 38 James Molson, Royal | 65 S. R. Drake, Comptroller, C.U.A. |
| 12 W.W. Owen, Manager for Quebec, C.U.A. | 39 J. L. Deslauriers, Norwich Union | 66 J. M. McFadyen, Hartford Fire |
| 13 A.H.S. Stead, Retired (Dominion Board) | 40 R. H. Stevens, Norwich Union | 67 R. Suydam, Financial Post |
| 14 E.S. Heaton, New York Underwriters | 41 J. J. Kilgour, Reliance of Philadelphia | 68 G. W. Andrews, Legal & General |
| 15 R. H. Leckey, Aetna Insurance | 42 M. H. Crone, Fireman's Fund | 69 H. Freeman, Public & Industrial Relations |
| 16 D. B. Martin, Royal | 43 J. W. Henderson, Royal Exchange | 70 A.T.M. Pearse, Scottish Union |
| 17 F. D. Taylor, North British & Mercantile | 44 H. Whittaker, Royal Exchange | 71 O. L. Duncombe, Yorkshire |
| 18 F. O. Reddrop, Royal | 45 M. B. Strong, Canadian Surety | 72 L. L. Lewis, Springfield |
| 19 A. T. Cunningham, Phoenix of London | 46 K. M. Young, Dominion Board | 73 R. H. Campion, London & Midland |
| 20 J. W. Dooley, Royal | 47 A. Young, Financial Times | 74 A. U. Lind, New Zealand |
| 21 R. P. Simpson, Sun | 48 E. J. Martin, Phoenix of Hartford | 75 John Holden, London & Lancashire |
| 22 F. W. Bailey, Western | 49 R. Holroyde, Eagle Star | 76 F. W. Pearson, Northern |
| 23 Hugh P. Ham, Western | 50 Marcel Clement, Le Devoir newspaper | 77 C. M. Close, Great American |
| 24 E. H. Shea, Hartford | 51 W. D. Blyth, St. Paul Fire & Marine | 78 E. A. Cooke, Alliance of London |
| 25 L. Hook, Royal | 52 S. M. Elliott, Phoenix of Hartford | 79 S. W. Duck, Great American |
| 26 E. F. Tabisz, Underwriters Laboratories | 53 E. H. S. Piper, All Canada Insurance Fed. | 80 R. R. B. Attridge, Home |
| 27 H. D. McNairn, Prudential | 54 H. F. McCulloch, Aetna | 81 G. L. Armstrong, Continental |
| | | 82 W. J. Flynn, Dominion Board |
| | | 83 R. E. Gordon, Continental |



tially the same.

(Canadian Insurance, June 1958.)

He added, "We need not fear the passing of the Dominion Board, we need not weep over the passing of a thirty-year old institution. Rather should we regard this move as an endeavour to conserve our strength and to attack with renewed vigor the problems I have referred to."

Angas drew attention to the loss of \$115,000,000 during the past year and emphasized the problems causing these disturbing figures were complex and could not be attributed to any particular individuals:

...in a period of booming economy and plentiful business, we have failed to practice some of the fundamental principles of underwriting. In any period of economic expansion the bogey of inflation is felt and Companies in their endeavours to control expense ratios tend to press for volume of income without paying due regard to that all-important fact—insurance to value. Competition between the various types of insurers and between Agents and Brokers and with a market capacity beyond normal need has forced reduced rates and broader covers to the point that the future solvency of many in the industry may indeed be threatened. Like any other business we want to make a profit and a reasonable profit must be available to assist us to find the money to finance our deposits for the increased premiums we require even on existing business, let alone any business resulting from the natural growth of Canada.

(Canadian Insurance, June 1958.)

It is hardly surprising that the combined annual meeting in 1958 of the Dominion Board and the Canadian Underwriters' Association was described as a "som-

bre affair with little to excite or amuse the members".

The commission question seemed to be resolving itself by degrees. One aim of the 1948 rules had been to do away with city agency status except for those having sub-agency plants at the end of five years. But the association, in attempting to find an equitable solution, twice extended the deadline. In 1958 the Dominion Board drafted a new set of rules whereby city agents' commissions were further reduced and over-riding commissions were no longer permitted to those with sub-agency plants. These rules were accepted by the association.

Despite earlier suggestions that the efforts of tariff insurance companies in Canada would be served better by a single coordinating rating and inspection body, nothing was done until the unsatisfactory and unprofitable years of 1956 and 1957. This chaotic period, which had witnessed the steady decline of forms and rates caused by the soft market, prompted the council to appoint R.P. Simpson, Hugh Ham and Ralph Sketch to study the possibility of forming an 'honest-to-goodness' Canadian Underwriters' Association.

Several members ridiculed the 'eager beavers' whom they felt had no conception of the magnitude of the task which lay before them. However, the committee persevered and, with much hard work, made great progress. The final details were quickly resolved and on January 1, 1959, the Canadian Underwriters' Association absorbed the Western Cana-

dian Underwriters' Association and the British Columbia Underwriters' Association, assuming jurisdiction from the New Brunswick border to the Pacific Ocean. Ralph Sketch assessed the significance of this achievement, observing that, "by pooling our ideas and pulling toward a common end, we not only create a very worthwhile rating and inspection body but we may also contribute something toward the maturity of Canada".

President C.G. Angas accompanied General Manager W.W. Owen on a western tour prior to the merger. They visited the offices and sub-offices of the association, meeting personnel to explain their function in the new organization. Angas reacted positively to his future colleagues: Gentlemen, I cannot stress too greatly the good impression I formed of those who serve us in these Territories. They are loyal, experienced and enthusiastic, and I am sure that with the depth in staff we have acquired our interests are being well served and I should also say that within the greater organization, it will be possible to train and develop the younger man to a much greater degree which is not only in our interests, but also in theirs. It is early yet to report any major economies that are being effected, but indications suggest that material savings will be effected, and there is no doubt that the demands on the time of the Company personnel will be reduced.

Angas added that it would require some time to fully integrate the functions of the expanded CUA, and he informed members a committee was already studying the possibility of expanding eastward.



The Manitoba Board of Fire Underwriters in 1900.

The two organizations that joined forces with the CUA in 1959 had themselves enjoyed a long and distinguished history. The Western Canada Underwriters' Association pre-dated the CUA, as the Manitoba Board of Fire Underwriters'. Fire insurance companies in the west experienced difficulties peculiar to their location. Most communities were of the frontier type with no building codes and little, if any, fire protection. On a number of occasions, large fires swept through communities comprised of frame dwellings common in the west. The aims of the 23 founding companies of the original organization were similar to those later echoed by the CUA:

The Board of Underwriters of this Province was organized principally for the purpose, as expressed in the original constitution, of securing uniformity in the rates of premiums, and adopting certain rules for the welfare of the business; and to serve the public by seeking means to keep down rates, working to reduce fire hazards, and finding methods of safeguarding life and property. (*Trailing the Blaze.*)

In 1901, the organization changed its name to the Manitoba and North-West Fire Underwriters' Association. The name was again changed in 1909 to the Western Canada Fire Underwriters' Association as the organization expanded into the new Canadian provinces of Alberta and Saskatchewan. Like its CUA

counterpart, the WCFUA dropped 'Fire' from its name when automobile insurance was included.

On the west coast, the British Columbia Underwriters' Association traced its roots back to two separate organizations founded in 1890: the British Columbia Fire Underwriters' Association and the Vancouver Board of Fire Underwriters. The BCFUA sought to "establish and maintain an equitable rate, regulate the payment of commission, conserve the correct practice and promote the general interests of the fire underwriters in the province". In 1899, the fire insurance companies voted to reorganize their associations and formed the Mainland Fire Underwriters'



A CHRISTMAS GATHERING

Halifax, Circa 1959

BACK ROW — Ed Walsh [1960], Charlie Burchill [deceased], Bernice Kelly [Hersey 1961], Gail Crossman [MacDonald 1962], Charlie Cluett [1962 now operates his own agency], Roy Pugh [still with us!].

REMAINDER* L to R — George MacDonald [retired 1984], Bob Brooking [1960], Betty Frozel [Latimer 1960], Basil Patterson [1960], Harold Bowes [1966], Theresa O'Neil [Deal 1960], Phil Heckman [1968 now Regional Fire Commissioner/Atlantic], Margaret Edwards [Twohig 1965], Daisy Dauphinee [retired 1973], Stella Leadbetter [McKay 1961], Pauline Thomas [1964], Gordan Collins [1961 presumably still with I.C.B.C.], Bill Shakespeare [Manager deceased], Gladys Venturini [LTD 1977], Joan Marsh [Nicholson 1961].

Halifax, Circa 1970

Ten reasons why the NSBIU was never refurbished, or, a typical day in the life of an NSBIU employee. [If it didn't move, paint it!]

In the very forefront, Ed Porter — still with us. Wiping paint from his eye, Howard Gray [now with the Zurich]. With the checkered shirt, Kathy Neil [gone 1972] looking at Valerie Keelan [1971]. Under the hat, Wayne Beuree, presently Supt./Property Dept. Behind Wayne is Gordan Harpell, Supervisor/Atlantic FUS. Next to Gordan is Rick Minniken, now with Canada Post. Next to Rick is Wayne Castle, Field Supvr. Directly behind Rick is Roy Coupe [1978] while standing at rear is Roy Pugh [notice how everybody else is sitting down on the job!].



Halifax, Circa 1966

The first day of the "Uniform Approach to Staffing"

LEFT TO RIGHT — Karen Ferguson [Gray 1968], Jean Faulkner [1968], Gladys Venturini [LTD 1977], Norma Matthews [1966], Violet Manuel [Barton still on the job!], Bonnie Hayward [Zwicker 1968], Daisy Dauphinee [retired 1973], Penny MacLeod [1966]



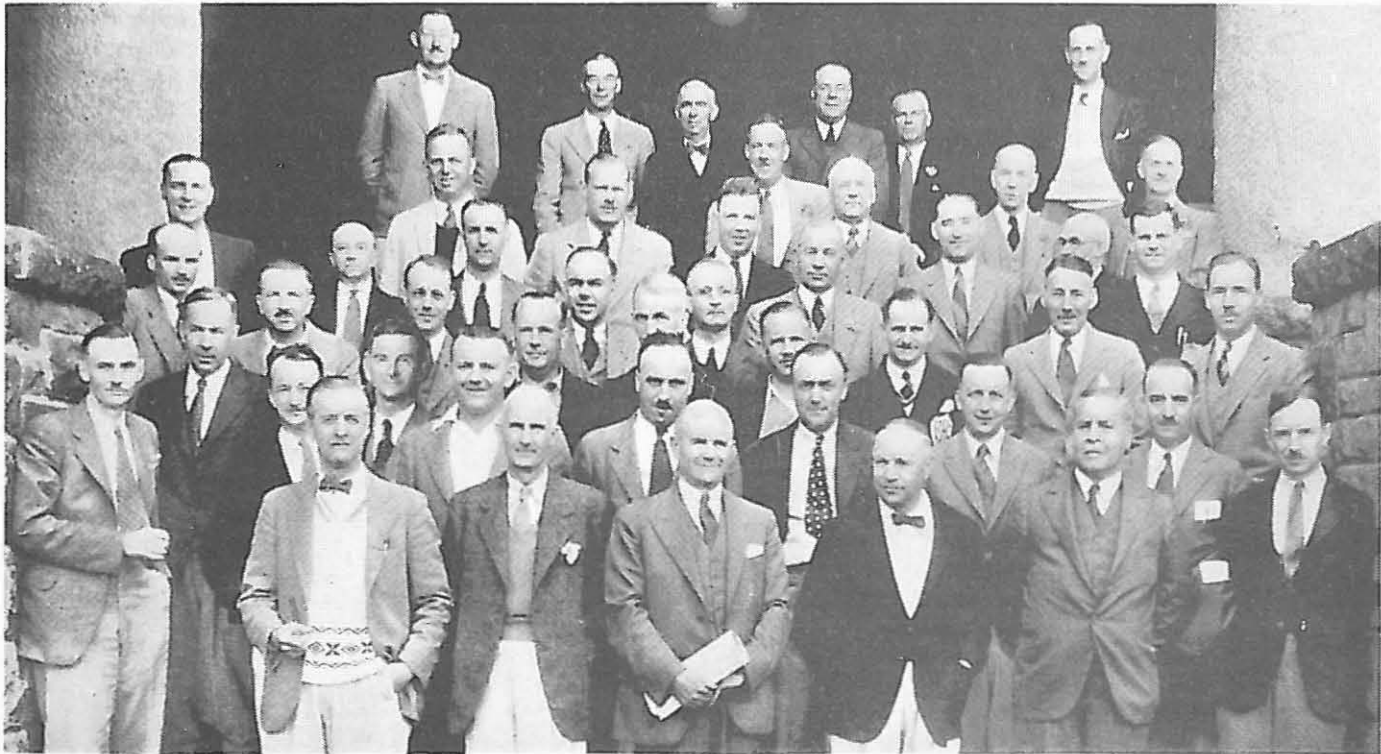
Association and the Vancouver Island Fire Underwriters' Association to control the British Columbia insurance industry. These two organizations merged in 1920 to form the British Columbia Fire Underwriters' Association. Seven years later, the BCFUA amalgamated with the British Columbia Automobile Underwriters' Association to form the British Columbia Underwriters' Association. In 1959, this organization signed a resolution similar to that agreed to by the Western Canada Underwriters' Association.

In 1959, one year after the amalgamation with the Dominion Board and a few months after the territorial expansion of the Canadian Underwriters' Association, President C.G. Angas outlined the contemporary problems within the industry:

...Gentlemen, we cannot afford to be complacent, for any loss is serious to this industry. We are embarking on a programme of aggressive research, improving statistical exhibits and doing everything we can to limit our activities to the proper field...It seems doubtful to me that the public have a proper appreciation of the losses suffered by Insurers during the last few years, or the effect of continued losses on the same scale would have on the development of this country...As an industry we plough back into our business and use as working capital a far greater proportion of our apparent overall surplus than does any other business operation in this country. We cannot ask the insuring public voluntarily to offer us increased premiums, but surely we can and we should expect them to understand our position, and to accept increases in insurance costs with no more resistance and

resentment than they display towards the increased cost of other commodities.

The decade was eventful for the Canadian Underwriters' Association and the insurance industry as a whole. The 1950s represented an era of tremendous economic growth and a period of rapid inflation. With many new insurance companies entering the potentially lucrative field, competition drove premiums down to dangerously low levels. The tariff companies reacted with a reorganization involving the Dominion Board. Shortly after, the association extended its control as far as the West Coast and considered the possibility of moving eastward. The CUA entered the 1960s with a new look and new promise for the future.



THE WESTERN CANADA BOARD OF UNDERWRITERS

TOP ROW - R.J. Crighton, A.G. Mackie, E.P. Withrow, H. Pellowe, H.H. Smith, W.B. Lowry.
 SECOND ROW - J. Morgan, H. O'Neil, L.G.C. Wright, R.J. Parker.
 THIRD ROW - W. Cowan, S.J. Hodge, W. Bruce, J.M.H. Langford, H.J. Scott, A.C. Ruby, C.W. Bolton, T.G. Cox, K.B. Quantz, V.D. Hurst.
 FOURTH ROW - C.A.R. Macleod, N.C. Woodcock, F.R. McDowell, L.M. Moffatt, J.E. Haskins, N.J. Black, W.L. White, D.B. Hall, J.J. Milne, C.McE. Nicholls, R.P. Simpson.
 FIFTH ROW - W. Glazin, F. Lawson, G.L. Pratt, G.J.K. Irvine, E.J. Don Rowand, T.D. Harris, J.A. Pert, J. Wilson, C.E. Chandler
 FRONT ROW - J.V. Nutter [President], R.O. Taylor, W.E. Meikle, E.S. Craig, I.T. Chadwick [Manager], P.A. Codere.



G. D. Trusler, CUA President, 1957.



H. Douglas Coe, CUA President, 1958.



C. G. Angas, CUA President, 1959.



Ralph Sketch, CUA President, 1960.