

THE RELATION OF THE INSURANCE DEPARTMENT  
OF THE CHAMBER OF COMMERCE OF THE  
UNITED STATES TO THE CASUALTY  
INSURANCE BUSINESS

BY

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The subject of my address, namely, "The Relation of the Insurance Department of the Chamber of Commerce of the United States to the Casualty Insurance Business," affords me an opportunity to present to you that part of our work which may be of particular interest to the members of this society. In order, however, that you may have a better idea of the general set-up of the National Chamber, a few preliminary remarks would be appropriate.

The service of the National Chamber is two-fold. The primary function, of course, is to obtain from its 1700 organization members, with an underlying membership of over 900,000 corporations, firms and individuals located in every state, the matured judgment of business on national questions and to present and interpret those views to the agencies of government and to the public. In this service it is the voice of American business and it speaks the business viewpoint on national problems affecting industry and commerce.

Of equal importance to its membership is the National Chamber's secondary function—its service function—direct aid to its members. This is the province of the departmental organization. Its expert staff is engaged throughout the year in study and research. The results of these activities are issued to the membership as bulletins, surveys and summaries.

The policies of the National Chamber are established by resolutions or referenda. Once a year, in annual meeting, accredited delegates may place the National Chamber on record after notice of such contemplated action has been given. The only other way is to refer questions to members for a vote through a referendum. The result of the vote is tabulated and a record showing how each member voted, together with the statement and argument of

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\*This paper presented by invitation of the Program Committee.

the case as presented, is given to government officials, Senators, Congressmen and to the public. Thus the position of the National Chamber is determined by the vote of its constituent members. The fact, however, that the National Chamber is put on record in respect to a given proposition does not bind members, who voted with the minority, to support the majority opinion.

The service function of the Chamber is performed by eleven service departments and three general departments. The service departments are: Agriculture, Civic Development, Domestic Distribution, Finance, Foreign Commerce, Manufacture, Natural Resources Production, Transportation and Communication, Trade Associations, Commercial Organizations and Insurance. The general departments are: Field, Research, Editorial and Promotion. Each of the service departments is headed by a manager and has connected with it a Departmental Committee. Effort is made to balance each committee by including in its membership the two directors elected to represent the department and by selecting those who will represent different points of view on questions coming before the department for consideration. For example, on the Insurance Department Committee we have policyholders, insurance agents, as well as representatives of casualty, fire and life insurance companies, both stock and mutual. The casualty insurance representatives on the Insurance Committee are: Mr. William Brosmith, Vice-President and General Counsel of The Travelers Insurance Company; Mr. F. Highlands Burns, President of the Maryland Casualty Company; Mr. P. W. A. Fitzsimmons, President of the Michigan Mutual Liability Company, and Mr. James S. Kemper, President of the Lumbermen's Mutual Casualty Company.

Keeping in mind the general set-up of the National Chamber, it is natural that it should have an Insurance Department. Insurance is an acknowledged integral part of our national economic system. It is one of the foundations of credit. A more enlightened public attitude towards the insurance institution, its ideals, service, problems and methods of operation is, therefore, to be desired. To promote such an understanding is the larger function of the Insurance Department. Basically, the program under which the Department is operating falls into the three broad headings of policyholders' service, legislation and conservation. The first of these, namely, policyholders' service, includes work of an educa-

tional nature. Through printed bulletins, mimeographed news letters and correspondence, informatory material is presented to organization members of the Chamber which in turn is relayed by them to their membership.

With a knowledge of the principles of insurance, the policy-holders of a community are in better position to function upon legislation proposed in their states inimical to their interests. The National Chamber is committed to a number of policies relating to casualty insurance which are either in accord with or opposed to legislative proposals periodically advanced in the various states. Through the cooperation of local business men throughout the country, good progress has been made in carrying out these commitments of the Chamber.

#### WORKMEN'S COMPENSATION

The National Chamber by resolution is opposed to monopolistic state workmen's compensation funds. During the past few months a number of measures were introduced in various state legislatures to create such funds. When such bills are introduced it is the custom to notify organization members in the states in question of the proposed legislation, express the National Chamber's position with respect to such funds and furnish them with material in support of the Chamber's principles. With this information they are then in a position to act upon the matter.

For a number of years bills had been introduced in Congress to create a monopolistic state compensation fund for the District of Columbia. The Insurance Department consistently opposed this legislation and after years of endeavor with the cooperation of local organizations of business men of the District a satisfactory workmen's compensation law was secured. The bill which was enacted conforms to the established policies of the National Chamber, inasmuch as it permits employers to place their insurance with private carriers or to self-insure if they are able to meet the necessary financial requirements. In the same field of work the Department cooperated with the American Chamber of Commerce of Porto Rico in bringing about the enactment of a constructive workmen's compensation law and eliminating the government monopoly.

Another problem in connection with the subject of workmen's compensation in which the employers of the country are keenly

interested is the trend of workmen's compensation benefits. To keep business men informed with relation to the liberalizing trend, the Insurance Department has surveyed the provisions of all the workmen's compensation laws of the various states and has published the results of its investigation in a bulletin which contains a digest in comparable form of the benefits under the law of each state. This bulletin has been widely distributed and used by legislative committees, trade associations, chambers of commerce, employers and insurance companies. It is proposed to revise the bulletin this year to include the amendments which have been made by the various states.

#### COMPULSORY AUTOMOBILE INSURANCE

Most of you probably know that the National Chamber is opposed to the principle of compulsory automobile insurance. This subject remains a matter of national interest and, while Massachusetts is the only state that has enacted a law embodying the principle, considerable agitation for it is found in other states. The National Chamber, in cooperation with other organizations, has been successful in opposing the enactment of such legislation in other states as well as in the District of Columbia. Held out as a means of protection to persons injured in automobile accidents by assuring them of the financial responsibility of the drivers, compulsory automobile insurance at first thought has a popular appeal, but when it is considered in the light of all factors involved, thinking persons realize that compulsion in the field of insurance would be at the expense of the public welfare.

The results of the Massachusetts experiment support this statement. When the Massachusetts Legislature convened in January of this year there were more than forty bills affecting the compulsory automobile insurance law presented. Some proposed to abolish the law altogether while others suggested amendments of various kinds. The result is that thus far there has been put through the Senate in Massachusetts a bill for a recess commission to study this whole proposition all over again.

It is our belief that the states should enact suitable accident prevention laws or more vigorously enforce those which they have on their statute books in order to eliminate the source of the trouble before they consider compulsory automobile insurance measures.

In an endeavor to check the constantly mounting toll of automobile accidents, we have encouraged the enactment in the state legislatures of the Uniform Vehicle Code sponsored by the National Conference on Street and Highway Safety which has the support of the National Bureau of Casualty and Surety Underwriters and the American Mutual Alliance. Experience has shown that in the states where this code or similar legislation is in effect the automobile accident record is considerably better than in other states which have not taken this progressive step. Good progress has been made in securing the adoption of the code and it is our hope that other states will strive for uniformity along these same lines.

#### SPECIAL INSURANCE TAXES

All insurance men are keenly interested in the subject of special insurance taxes, but since these taxes are hidden in the insurance premiums, policyholders generally have not realized that they were paying them. Since the tax is indirect, the policyholder is not so apt to oppose proposed increases as he would if the levy were direct. To bring about a better understanding of this problem on the part of policyholders, the Insurance Department has carried on a program of education to emphasize the unfairness of the present system of levying these taxes. For the past six years the Insurance Department has made an annual survey of special insurance taxes imposed on policyholders in all states. This work is carried on by the department through the authorization of the organization members, which committed the Chamber to the principle that special state insurance taxes should be reduced to the total in each state which will adequately support the state's departmental supervision and that a uniform principle of taxing the holders of insurance should be adopted throughout the states.

It may be of interest to you to know that when a bill is introduced in the state legislature to increase special insurance taxes the procedure of the Insurance Department is to notify its organization members in the state of the introduction of the tax bill and to furnish them with literature as a means of assisting them. In one state a bill was introduced to increase insurance taxes for the purpose of furnishing revenues to fulfill a campaign pledge that free textbooks would be provided for the public schools. The department followed its usual procedure and secured the whole-

hearted support of the local organization members to such an extent that it was reported some of the members of the legislature received hundreds of communications induced through the activities of the chambers of commerce throughout the state.

#### SUPERVISION AND REGULATION OF INSURANCE

As a result of a detailed report prepared by the Insurance Committee after a careful survey of the problem of supervising and regulating insurance, the Chamber approved a comprehensive resolution on the subject. It is on record that state supervisory officials should be conversant with insurance principles and adequately compensated and that they should cooperate with one another, at public expense, in bringing about desirable uniformity in legislation, taxation, solvency tests, rating systems, classification of standards, returns, licenses and investments.

It also urges through its resolution that there be reciprocity between the states with regard to taxes, investments and departmental charges.

#### HEALTH CONSERVATION AND ACCIDENT PREVENTION

Casualty insurance men whose companies write accident and health insurance should be interested in the program of the Insurance Department with relation to the conservation of health and prevention of accidents. In this work the department has assisted local chambers of commerce in the formation of committees on health and accident prevention and in helping them prepare a successful program of activities. In this connection a series of Health Bulletins has been issued containing valuable suggestions for specific activities. Many of the accident prevention committees have been particularly active with reference to street and highway safety, the chief emphasis being laid upon the enactment of uniform motor vehicle legislation as proposed in the Uniform Vehicle Code.

In order that the department may carry on a broader program of work in this field, the organization members of the Chamber committed it to the following resolution at the Seventeenth Annual Meeting held during the early part of this month:

"The gratifying progress of recent years in extending the average span of human life gives good reason to expect further advance through concerted efforts, both for health conservation and for prevention of accidents, which are constantly growing and cause the premature death annually of thousands of our citizens. In order to conserve life and health to the fullest extent there should be further development of national interest and of national activity. In efforts directed to this purpose the Chamber should participate and should enlist the widest possible cooperation on the part of its membership."

In every community casualty insurance men are in a particularly opportune position to render constructive service by cooperating with their local chambers in this important work.

#### CONCLUSION

The department has been closely studying aeronautics insurance and is cooperating with the Aeronautics Committee of the National Chamber in developing proper insurance facilities to cover the risks incident to the operation of aircraft.

Another service which the department renders is that of handling service requests received from organization members, insurance associations and companies, policyholders and educational institutions. They range from matters involving detailed investigation and study to questions which can be readily answered by return mail. The department is in a peculiar position to furnish interested member insurance companies information on insurance conditions abroad, decisions of the United States Supreme Court affecting insurance and rulings by federal departments or bureaus.

In this summary of the department's activities in relation to casualty insurance, I have attempted to present to you the high points. In an address of this nature it is possible only to scratch the surface, but I hope it has indicated to you the value of the department in helping to bring about better cooperation between insurance and other forms of business in order that insurance may render greater service.