THE MULTIPLE-LINE PRINCIPLE

BY

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This is the story of a revolutionary development. It has a beginning but, at the moment, it has no end. It will profoundly alter the business of fire, marine, casualty and surety insurance in many ways some of which we can only dimly perceive. Because it inaugurates a period of fundamental change, it offers a challenge to everyone who is interested in the technical phases of the insurance business and is so situated that he can participate in and give direction to the construction of the bright, new insurance structure of tomorrow.

"Once upon a time" in this story may be any convenient date of reference: 1940 will do nicely. It is not necessary to select a location "in a remote country": The State of New York will serve the purpose adequately because, while New York does not control, absolutely, the practices of other states in this country for a reason which will be disclosed later, it does set the national pattern for the majority of insurers. Let us begin, therefore, by examining the New York Insurance Law as it existed in 1940 to ascertain the permissible scope of operations of an insurer organized to cultivate that area of the field of insurance not specifically reserved for life insurers.

The New York Law, in 1940, (Section 46) specified the kinds of insurance which might be authorized for insurers of the type in which we are interested as follows:

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3. Accident and health insurance
4. Fire insurance
5. Miscellaneous property insurance
6. Water damage insurance
7. Burglary and theft insurance
8. Glass insurance
9. Boiler and machinery insurance
10. Elevator insurance
11. Animal insurance
12. Collision insurance
13. Personal injury liability insurance
14. Property damage liability insurance
15. Workmen's compensation and employers' liability insurance
16. Fidelity and surety insurance
17. Credit insurance

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*Omitted classes of insurance:
1. Life insurance
2. Annuities

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19. Motor vehicle and aircraft insurance
20. Marine insurance
21. Marine protection and indemnity insurance

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In each instance the kind of insurance was defined in some detail. For example:

> Fire insurance (paragraph 4) was defined as ". . . insurance against loss of or damage to any property resulting from fire, including loss or damage incident to the extinguishment of a fire or to the salvaging of property in connection therewith, and including loss or damage occurring in a public service light, power or traction property resulting from an electrical disturbance causing or concomitant with a fire."
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> Personal injury liability insurance (paragraph 13) was defined as ". . . insurance against legal liability of the insured, and against loss, damage or expense incident to a claim of such liability, arising out of the death or injury of any person, or arising out of injury to the economic interests of any person as the result of negligence in rendering expert, fiduciary or professional service, but not including any kind of insurance specified in paragraph fifteen.**"

The entire eighteen authorized types of cover were not, however, available to a single insurer. Individual insurers desiring to qualify for the broadest possible authority were required to select a specified part of the available field as the area in which to conduct their operations. The field in its entirety was subdivided as follows:

1. **Casualty and surety insurers** were permitted to qualify to write the kinds of insurance described in paragraphs three, six, seven, eight, nine, ten, eleven, twelve, thirteen, fourteen, fifteen, sixteen and seventeen.
2. **Fire and marine insurers** were permitted to qualify to write the kinds of insurance described in paragraphs four, five, six, twelve, nineteen, twenty and twenty-one.

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*18. Title insurance
22. Insurance of life of property

Life insurance (paragraph 1) and annuities (paragraph 2) were and continue to be reserved exclusively for life insurers. Title insurance (paragraph 18) and insurance of the life of property (paragraph 22) are ignored for the purposes of this dissertation. Title insurance is written only by specialty insurers. Insurance of the life of property, likewise, requires a special type of insurer. It is a foreign importation dealing with depreciation of property which never has "caught on" in this country.

**Workmen's compensation and employers' liability insurance.

There were certain classes of insurance which both types of insurers might write. Both were permitted to write automobile and aircraft property damage liability and collision insurance although automobile and aircraft personal injury liability insurance was reserved to casualty and surety insurers and automobile and aircraft material damage insurance (covering damage to the insured motor vehicle or aircraft and its equipment) was reserved to fire and marine insurers. Water damage insurance and collision insurance also were areas of overlapping jurisdiction. But, generally speaking, the law intended that the underwriting powers of the two types of insurer were to be separate and distinct.

While the field was thus partitioned, each insurer was permitted to select the classes of insurance in its general area which it chose to write. The majority elected to exercise the broadest underwriting power available; but there were some that indulged in specialization. Thus, an individual insurer might qualify to write exclusively accident and health insurance, or glass insurance, or workmen's compensation and employers' liability insurance, or fidelity and surety insurance, or credit insurance, or animal insurance, or steam boiler and machinery insurance, or any combination of the permissible kinds of insurance. The point to be emphasized is that an individual insurer by statute was confined to a certain well-defined area of underwriting authority and could not under any circumstances cross over the line of demarcation which separated the field of insurance outside life insurance into two parts.

It was for this reason, among others, that insurance groups with two distinct types of insurers were organized by those interests that desired to operate generally in the field of insurance outside life insurance.

THE AMERICAN SYSTEM

This "compartmentalization" of insurers was unique to the United States. It did not exist anywhere else in the world and was known as "The American System." While the charter of a British insurer might confer upon it authority to conduct the business of insurance of all kinds anywhere in the world, the charter of an American insurer organized in New York State severely restricted the scope of its underwriting powers.

Two objectives, apparently, were in the minds of those who founded this system.

It was designed, first, to permit individual insurers to specialize in the extremely technical problems of particular kinds of insurance and thus to develop proficiency and safety in the treatment of specified hazards. This, undoubtedly, was presumed, at the time, to be in the best interests of the insuring public.

Second, it was felt desirable to segregate the classes of insurance so that a more accurate appraisal could be made of the financial

qualifications to be demanded of insurers to the end that regulatory requirements could be specifically established by state supervisory officials which would fit the peculiar conditions prevailing in different phases of the insurance business.

Differences exist in the reserve requirements of the two types of insurer. For example, in the days of separation, assuming an annual premium volume of $50,000,000 and a condition of maturity attained after years of operation, financial statements might disclose the following reserve liabilities:

	Casualty and Surety Insurer	*Fire and Marine Insurer*
Loss & loss expense reserve.....	$40,000,000	$10,000,000
Unearned premium reserve.....	22,500,000	45,000,000

The American System was based on the theory that these reserves could be better managed and supervised if a rigid separation was maintained as between the two types of insurers.

LEGAL SITUATION IN STATES OTHER THAN NEW YORK

The laws and practices of some of the other states were not so restrictive as to underwriting powers. In Connecticut, for example, insurers always have received their charters direct from the state legislature, and these charters, usually, were considerably broader in scope than the New York insurance law would allow.

In some other states the rigid line of demarcation between insurers was breached at one point or another. The most common deviation was one which permitted an individual insurer to write all classes of automobile insurance in a single policy whereas New York insurers could accomplish the same result only by issuing a "combination policy." This, in effect, was nothing more than a device for bringing into a single package for the convenience of the insured two complete and separate policies, one issued by a casualty and surety insurer, the other by a fire and marine insurer—a practice referred to by a well-known critic* as "an attempt to use a 19th century kind of insurance to meet the complicated requirements of the 20th century needs of individuals and of commerce and industry."

THE APPLETON RULE

These variations of law and practice in states outside New York did not, however, have a material influence on the national operation of the insurance business because of a requirement imposed by New York upon the insurers of other states ("foreign insurers"). Originally, this requirement was in the form of the "Appleton Rule",** an

*William D. Winter, Chairman of the Board, Atlantic Mutual Insurance Company.
**After H. D. Appleton, Deputy Superintendent of Insurance.

official edict of the New York Insurance Department. Later (1939) this rule was written into the insurance law. (Section 42)

The Appleton Rule operated in this manner: A foreign insurer desiring to transact business in New York State (the largest single insurance market in the USA) required a license from the New York Insurance Department. This license was refused unless the foreign insurer agreed to accept the underwriting limitations imposed upon New York domestic insurers wherever it might operate in the USA. Thus, even if the foreign insurer had the power under its own charter to write a comprehensive policy embracing all the automobile covers, it was required, as the price of operating in the New York market, to forego this privilege not only in New York but also in every other state, including the state of its domicile. The right of the New York Superintendent of Insurance to regulate the operations of foreign insurers outside the state, has been upheld by the courts*. That is the reason why New York always has held the key to a solution of the problem of underwriting powers.

CLASSIFICATION OF KINDS OF INSURANCE

Before proceeding with the development of multiple-line insurance it will be useful to discuss the New York plan of listing and defining in the insurance law all the kinds of insurance which insurers may write. Such a plan has advantages and disadvantages.

There would appear to be at least three principal advantages:

1. A classification of insurance covers provides state supervisory officials with a basis for regulating the insurance business more effectively because it enables them to fix requirements (financial and otherwise) with some regard for the individual peculiarities of the various classes of insurance which may require a wide range of treatment. For example, under the New York Insurance Law as it stood in 1940, a stock corporation was required to have and to maintain minimum capital and surplus as follows (Section 311):

	Minimum	
	Capital	*Surplus*
to transact glass insurance (paragraph 8) exclusively	$100,000	$ 50,000
" " burglary & theft insurance (paragraph 2) exclusively	200,000	100,000
" " workmen's compensation & employers' liability insurance (paragraph 15) exclusively	300,000	150,000
" " fidelity & surety insurance (paragraph 16) exclusively	500,000	250,000

*Firemen's Insurance Co. of Newark, N. J. v. Beha, State Superintendent 30 F.2d 539. (1928)

Where an insurer desired to qualify to write more than a single class of insurance, the minimum capital and surplus requirements were not merely added together but were subject to adjustment. The point to be emphasized is that the law provided a flexible method of establishing a requirement which was intended to be consistent always with the hazards and peculiar problems presented by the portfolio of business which the individual insurer proposed to accumulate.

2. It restrains corporations outside the insurance business from invading a province specifically reserved for insurers. For example: A manufacturer of television sets proposes to offer installation and maintenance service but goes further and agrees to guarantee the purchaser against damage to his set. The latter guarantee has been held to be insurance, thus forcing the manufacturer to bring a properly qualified insurer into the transaction. Similarly, a glazier was prevented from agreeing with building owners to keep their plate-glass windows in good order and repair, on the ground that the power to keep glass in repair included insurance against glass breakage.

   The purpose is to make certain that every insurance transaction complies with insurance law and is subject to supervision by the State Insurance Department, which definitely is in the public interest.

3. It prevents an individual insurer from conducting a reckless and ill-advised experiment in a new field of coverage by forcing thorough consideration of each new class of insurance during which an orderly method of dealing with the problems of the new class can be developed.

   Or the situation may be reversed. With the sanction of existing law, insurers may ill-advisedly undertake to write a hazardous form of cover with disastrous consequences. In that event the law can be revised to prohibit the future writing of the dangerous kind of insurance. A case in point is that of guaranteeing mortgages upon real estate. Surety insurers were writing these guarantees at the time of the great depression and serious difficulties were encountered which caused insolvency in a few instances. Today insurers are specifically prevented from writing this cover.

Disadvantages are created by writing into the insurance law what is presumed to be a complete and comprehensive statement of all the authorized classes of insurance. This necessarily creates a certain inflexibility which frequently inhibits, temporarily at least, insurers from providing protection against legitimate hazards. Certainly this method of delineating the permissible field of insurance does not encourage the development of a free market for unusual insurance

covers such as exists in London, England where insurance may be arranged against such diverse hazards as the unexpected arrival of twins or injury to the shapely lower extremities of an actress widely advertised as "the finest pair of legs in the world."

A few examples taken from the history of insurance in New York will illustrate this point:

1. At one time it was impossible for an insurer to insure physicians and surgeons against liability for damages suffered or claimed to have been suffered by reason of malpractice.

2. At another time, no insurer was permitted to insure a property owner against damage to his property caused by falling aircraft, by motor vehicles or street cars, by rocks thrown from blasting operations, and similar hazards.

3. At a time when kidnaping was prevalent an insurer was prevented from guaranteeing that a certain amount of ransom money would be forthcoming if the insured or a member of his family were kidnaped.

Of course, sooner or later, where insurance was found to be practicable and desirable the insurance law was amended to permit insurers to write the new form of cover. This has been accomplished in the first two cases described above.

Then there are instances where new insurable hazards are created by law or otherwise and it becomes necessary to amend the insurance law to make provision for new forms of cover. In this process the allocation of the new cover to the list of permissible classes of insurance may determine not only whether the cover may be written but also how it will be supervised, how rates will be established and regulated, and the general conditions which will govern the transaction in all its phases. To illustrate: When the New York Workmen's Compensation Law was amended in 1949 to extend the principle of indemnification to nonoccupational injuries and private insurers were admitted to this field, question arose where this new cover should be placed in the classification schedule. Should it be classified as "workmen's compensation insurance" (a natural question since the subject of insurance was an obligation written into the workmen's compensation law) or should it be placed elsewhere in the list? Actually, it was placed in the classification "accident and health insurance" because of the analogy to group accident and health insurance. This simple decision had far reaching consequences as it immediately determined that this new cover would be subject to all the legal requirements and practical procedures of group accident & health insurance which are quite different from those that govern workmen's compensation insurance. This is an important point to which later reference will be made.

AGITATION FOR MULTIPLE-LINE UNDERWRITING POWERS

While the American System as exemplified by the requirements of the New York Insurance Law was generally accepted, opposition to this principle has existed for a long time. As early as 1914 the Hon. Burton Mansfield, then Insurance Commissioner of Connecticut, at a meeting of the National Convention of Insurance Commissioners (now National Association of Insurance Commissioners) presented a paper entitled "Shall we abandon the American restrictions upon the classes of insurance written by (a) a company doing direct writing and (b) a company doing reinsurance" in which he deprecated the extent to which such legal requirements hampered and restricted "the immense insurance activity in this country . . ." Gradually, the insurance laws of a number of states began to depart from the New York practice, but the Appleton Rule prevented the application of these departures to the business of insurers organized under these laws which desired to operate in New York State—and most of them did wish so to operate. However, pressure was building up for a broadening of underwriting powers. This movement was stimulated by another development: the expansion of inland marine insurance.

INLAND MARINE INSURANCE

Originally intended to provide broad coverage for movable goods and merchandise while in transit, inland marine insurance, following the traditional procedure of ocean marine insurance, has developed with a remarkable degree of freedom from legal inhibitions such as those which have circumscribed fire, casualty, and surety insurance.

In the early 1920s this freedom was utilized to give expression to the desire to expand the coverage of individual policies, and inland marine contracts were designed which provided protection for risks where not only was there little or no transportation hazard, but the coverage was so broad that it encroached upon the underwriting powers allocated to fire and casualty insurance.

Upon the theory that merchandise is in transit until it reaches the ultimate consumer, coverage was provided at fixed locations, first in warehouses and later in certain classes of mercantile establishments operated by furriers, jewelers, musical instrument dealers, and others. Eventually even personal property in residences was made the subject of "floater policies". Furthermore, it became the practice to include as proper subjects for "all-risk" coverage instrumentalities of transportation and communication: bridges, tunnels, piers, wharfs, docks, slips, pipe lines, power transmission, telephone and telegraph lines, radio and television equipment, and many other subjects of insurance.

An attempt was made in 1922 by the National Convention of Insurance Commissioners* to control this situation by the adoption of a

*Now the National Association of Insurance Commissioners.

"Definition of Marine Underwriting Powers" which has had a stormy career but which still persists and is subject to interpretation by an industry committee representing all types of insurers and the several classes of insurance which are affected.

The present "Committee on Interpretation of the Nation-wide Marine Definition" consists of fifteen members representing stock and mutual insurers who reflect the views of fire, marine and casualty insurance underwriters. The Definition itself has no validity in a given state unless it has been approved and promulgated by the local insurance commissioner, and the decisions of the Committee on Interpretation likewise are of no effect until so approved in which event they become binding upon all insurers in the local jurisdiction. Today the committee's decisions determine whether an individual form of cover will be subject to the strict regulation and supervision applicable to fire and casualty insurance, or whether it will be developed with the substantial freedom that always has existed in the marine-insurance field.

DIEMAND COMMITTEE

The uneasy situation created by the lack of agreement among the states with regard to underwriting powers and the gradual extension of inland marine insurance led in 1943 to the appointment by the National Association of Insurance Commissioners of a "Multiple Line Underwriting Committee" which became known as the Diemand Committee after its Chairman, John A. Diemand, President of the Insurance Company of North America.*

The Diemand Committee, charged with the responsibility of determining "whether in the public interest it was advisable to make multiple line underwriting powers universally available to insurance companies," after thorough deliberation and consultation with diverse interests in the insurance business, concluded that it would be a mistake to make a "sudden departure from the classified system of operation. . . . " It recommended therefore a gradual approach to the solution of the problem.

In 1944 it submitted to the National Association of Insurance Commissioners five specific recommendations as follows:

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*Other members of the committee were
Kenneth C. Bell — Chase National Bank.
S. Bruce Black — Liberty Mutual Insurance Company.
William H. LaBoyteaux — Johnson & Higgins (brokers).
Arthur F. Lafrentz — American Surety Company of New York.
J. Arthur Nelson — New Amsterdam Casualty Company of New York.
William D. O'Gorman — O'Gorman & Young (agents).
William D. Winter — Atlantic Mutual Insurance Company.

I. Underwriting Powers of United States Companies in Foreign Countries

Any domestic fire, marine, casualty or surety company should be empowered to write any and all kinds of insurance or reinsurance, other than life insurance or annuities, on risks outside of the United States, its territories and possessions, provided it maintains a minimum policyholders' surplus (capital and surplus) of $1,500,000.

II. Reinsuring Powers

Any fire, marine, casualty or surety company should be empowered to accept any and all kinds of reinsurance, other than life insurance and annuities, provided it maintains a minimum policyholders' surplus of $1,500,000.

III. Automobile Insurance

Any fire or marine insurance company, or any casualty or surety company licensed to write liability insurance, should be empowered to write insurance against any and all of the hazards of loss from damage to automobiles, or from liability arising out of ownership, maintenance or use of automobiles, provided such company meets the financial requirements which must be met by a company qualified to write automobile physical damage or automobile liability hazards, whichever requirement is the higher.

IV. Aircraft Insurance

Any fire or marine insurance company, or any casualty or surety company licensed to write liability insurance, should be empowered to write insurance against any and all of the hazards of loss from damage to aircraft, or from liability arising out of the ownership, maintenance or use of aircraft, provided such company meets the financial requirement which must be met by a company qualified to write aircraft physical damage or aircraft liability hazards, whichever requirement is the higher.

V. Personal Property Floater Policies

Any fire, marine, casualty or surety company should be empowered to insure individuals against all risks of loss of, or damage to, personal property other than: (a) motor vehicles, aircraft, or watercraft (excepting canoes, rowboats, sailboats less than twenty-one feet in length, and outboard motorboats); or (b) personal property pertaining to the business, trade or profession of the insured (excepting professional books, instruments and other professional equipment owned by the insured).

In addition, the committee suggested

> "that an attempt be made to standardize the definitions of the various kinds of insurance; also that the numerous regulations and filing requirements now in effect be critically reviewed, so that those which no longer serve a useful purpose may be eliminated."

The report of the Diemand Committee was adopted by the Association and referred to the individual states for consideration.

In 1945 the program was presented to the New York State legislature and, in spite of spirited opposition from many insurance executives who expected that any breach in the American System would lead, inevitably, to its entire abandonment, two of the recommendations were adopted, namely, the reinsurance provision (II) and the personal property floater provision (V). In 1946 the remainder of the program was adopted.

COMMITTEE ON CLASSIFICATION OF INSURANCE

The recommendation that an attempt should be made to standardize the definitions of the various kinds of insurance was implemented in 1949 by the appointment by the National Association of Insurance Commissioners of a "Committee on Classifications of Insurance." Representing all types of insurer and fire, marine, casualty and surety insurance, this committee is still in existence but has not as yet formulated any definite recommendations, although it did in a report to the Association emphasize the importance of the task assigned to it in the following language:

> "If statutes, which are consistent in their language, are interpreted in an inconsistent manner, inextricable confusion could result. Without a Plan, experience compiled for ratemaking purposes could become meaningless. The Plan can assist in basing experience upon a reasonably uniform system of classification by placing kinds of insurance in broad categories and thus aiding in the administration and observance of rate regulatory laws. Such a system of classification could also aid in reconciling and minimizing unnecessary over-lapping in the scope of activities undertaken by rating and statistical bureaus, and, it is hoped, will point the way to solution of problems which arise when different tax laws or other laws apply to various kinds of insurance or combinations thereof."

FINAL LEGISLATIVE BREAK-THROUGH

The demand for broader underwriting powers was not to be satisfied by half-way measures. By 1948 the movement to abandon com-

pletely the American System had spread to over two-thirds of the states, and it was obvious that the New York Insurance Department would face increasing objection to the Appleton Rule. New York domestic insurers discovered also that they were subjected to annoying competition in "multiple-line" states because their restricted underwriting powers made it impossible for them to offer the broad coverages of foreign insurers which were willing to forego the privilege of operating in New York State. Furthermore, American insurers were encountering difficulties in foreign countries where they came into contact, particularly, with British insurers operating with complete multiple-line underwriting powers.

A bill was introduced in the New York State legislature in 1948 to confer full underwriting authority upon both fire and marine and casualty and surety insurers. This measure, although rejected at first, eventually was passed and became effective in New York State in 1949. This ended the long campaign to dissolve the barriers established by the American System. Today all states recognize the new principle of multiple-line underwriting which enables a single insurer to operate in the entire field of insurance outside life insurance.

PROBLEMS CREATED BY MULTIPLE-LINE LEGISLATION

Once the barriers were removed it might have been expected that the multiple-line concept would develop rapidly in such fields as automobile and residence insurance where the principle has its most logical application. However, just at this juncture mounting inflation produced a terrific impact upon the casualty insurance business. The experience of important classes of insurance rapidly deteriorated, and casualty and surety insurers were occupied so completely with the problem of weathering the storm that they ceased temporarily to promote the expansion of business. Fire and marine insurers, noting the adverse experience in casualty insurance, were equally reluctant to experiment with the new idea — a reluctance which was heightened by the scarcity of trained technicians then available. Multiple-line underwriting, therefore, did not suddenly transform the insurance business. Rather it has had a gradual development which is still in progress. This is fortunate because it became apparent at the very outset that there were deep differences of opinion regarding the proper application of the new principle.

A fundamental argument arose with regard to the treatment of covers and rates in multiple-line policies which could now be written. Should the several perils be included separately in a schedule each with its own premium charge or should the process be streamlined with a single integrated statement of coverage afforded by the policy and a single indivisible all-inclusive premium for the policy?

On the surface this difference between "divisible" and "indivisible"

premium treatment might seem to be a matter of small moment, but the fact is that it has ramifications affecting many phases of the insurance transaction. Fundamentally, the problem is one affecting the classification of insurance covers.

The "divisible" premium method produces the least disturbance to traditional practices. Covers, rates, rate-making organizations, commissions, service, the mechanics of the insurance transaction, accounting, statistics, etc. need be changed but little to accommodate the multiple-line policy which in effect is merely a combination in a single package of covers formerly written separately in a multiplicity of policies.

The "indivisible" premium method on the contrary raises many new and complex problems. A new statement of coverage is required, the organization which makes the rates must be competent to represent and to think in terms of the enlarged coverage, the rates themselves must be obtained by a new approach to the problems of rating, a single rate of commission must be established for the entire package of protection, the insurance transaction will necessarily involve new procedures requiring adjustments in accounting, statistics and service functions.

Other phases of multiple-line underwriting will affect the organization of insurers. Under the American System a separate insurer was required to write fire and marine or casualty and surety insurance as the case might be. Now a single insurer can qualify to occupy the entire field. Whereas at one time an insurance group required two types of insurer, this is no longer a *legal* necessity. Are there *practical* reasons why the two types of insurers should be maintained? In any event can the structure of a particular insurance group now be simplified and to what extent can the operations of the group be integrated and streamlined?

For producers of insurance, multiple-line underwriting will mean many new kinds of protection necessitating changed merchandising methods, a different approach to the servicing of clients, revised procedures affecting internal office operation and relationships with insurers, and possibly also (since the average premium unit will be increased) additional methods of premium financing.

Finally, insurance laws and state supervisory practices will have to be overhauled. The differences in treatment as between fire and marine and casualty and surety insurance must be reconciled or eliminated. For example, formerly it was the practice for state insurance officials to examine fire and marine insurers once every five years and casualty and surety insurers once every three years. How often should a single insurer occupying the entire field be examined? Many phases of state supervision are affected, from the requirements for organizing insurers to the regulation of reserves, investments, rate-making practices, licensing of producers, and a multiplicity of other activities.

CONCLUSION

The ultimate pattern of multiple-line underwriting will emerge gradually, and it will require a long period of trial and error to establish the new system in all its ramifications. This is desirable. The American System developed over a long period of time, and if it were discarded too quickly and before adequate and thoughtful provision has been made for its successor, the results might be most unfortunate. The theoretical blue-print for the future has been fashioned; we know it will be an entirely new system of insurance; it remains now to construct a well-organized and properly integrated structure which will function efficiently in the best interest of insurers, insureds, producers, and the public generally.