

DISCUSSION OF PAPERS READ AT THE  
MAY 1959 MEETING

COMPULSORY AUTOMOBILE INSURANCE IN EUROPE

FRANK ASTILL

VOLUME XLVI, PAGE 1

DISCUSSION BY F. S. PERRYMAN

Mr. Astill's paper gives a useful summary of compulsory automobile insurance in Europe. The paper is factual and descriptive of the situation as it existed in April when Mr. Astill presented the paper, but as is usual, particularly in connection with legislative activities, there are continual changes, and, as of October 1959 there have been a number of additional developments as follows:

- 1) In Great Britain the Assurance Companies Acts 1909/46 have now been consolidated by the Insurance Companies Act 1958. This made no substantive changes in the provisions of the earlier legislation.
- 2) Following a very recent Court of Appeal decision, insurers liability to pay hospital charges now extends to all third parties and not merely to those defined in the 1930 Road Traffic Act.
- 3) A new law became effective July 1, 1959 in Denmark providing mainly for changes in maximum liability amounts. These now became Kr.150,000 (\$21,750) but with a maximum of Kr.60,000 per accident year. For material damage the limit becomes Kr.60,000 (\$8,700).
- 4) As of January 1, 1960 a completely new law becomes effective in Finland, which provides for considerable fundamental changes. The new law establishes that the use of a motor vehicle will carry with it liability for injuries or damage caused to others and that this liability must be covered by insurance. Claims may be made against the insurer direct. Under the hitherto existing law the owner or driver of the vehicle was freed from liability only if it could be proved that the injury or damage had not been due to a defect in the vehicle or fault of the driver. This will no longer apply but the reversed onus remains.

Insurance cover will be unlimited but the new law no longer limits maximum amounts for certain types of injury or damage, except that for material damage the limit has become M.25,000,-000. In the case of death, not only the widow and orphans may claim indemnification but also any other persons whom the deceased had to support. Claims for pain and suffering will also be admissible.

- 5) Although the Saar territory had its own compulsory insurance laws, it is likely that, following the integration of the territory with Germany, changes will take place.
- 6) Poland now participates in the Green Card Scheme. The law regarding visiting motorists requires cover up to limits of ZL.150,000/450,000 for bodily injury and ZL.75,000 for property damage liability. There is no compulsory insurance requirement for Polish Nationals at present but it is expected that this will be introduced in 1960.

In view of the automobile situation in this country, casualty carriers here would like to have seen the paper include some comments upon automobile premium rates and results, particularly comparing the costs of uninsured motorists schemes as compared with the general rate level. However, this would open up a very large subject, not actually within the scope of this paper, which perhaps could be the basis of a later paper.

In connection with the observation that a deposit is limited to £15,000 whereas insurance is unlimited, it is probable that this provision is rarely used. How many Britons could mobilize £15,000 of capital, and of those who could, how many would sterilize its earning power? Only a portion of the interest income of such capital would be required to pay insurance premiums. It is implied that cash is required for deposit although perhaps securities could be used. It may also be observed that a bond is limited to £5,000 instead of being £15,000 as the deposit is, or unlimited as is the insurance. It is obvious that the deposit cannot be unlimited, and the reasons for these alternative provisions which exist also in the U.S.A. Compulsory Legislation, including Workmen's Compensation Acts, is that it is Financial Responsibility which is sought and insurance is only one means, although the most practical one, and therefore the main one, of providing this.

Reference is made to the fact that claims have not exceeded £20,000 but this should not be taken to mean that the unlimited liability provisions are of no value. Multiple claim accidents and property damage claims very quickly can amount to substantial sums, and this is easily illustrated by the case of an automobile which was driven on to an airport runway and caused the wreck of a landing airplane.

Mr. Astill attributes the success of compulsory insurance in the United Kingdom to prosperity, full employment, and social security which have combined to keep losses from getting out of control. It is curious that with the same conditions obtaining in this country, automobile insurance has been a most severe problem for us and not as free from difficulties as it apparently has been in England. Additionally, conditions of inflation since World War II existed both in the U.K. and in the U.S.A. We have been caught between rising loss costs and claim frequencies, and inflexible rate regulation. In observing that U.S.A. results parallel those in Germany and in France rather than those in the U.K., could we not attribute this to reasons which are not

economic but social? Is it not due ultimately to the different mores of our respective citizenry?

It is interesting to note the arrangements which have been made whereby tourists can easily comply with the various compulsory acts using the Green Card system. Similar arrangements are available to American tourists in Europe for there are many American insurers who could make such arrangements for their policyholders, either by direct or indirect participation in such a scheme or through another carrier.

We owe Mr. Astill our thanks for having given us this thorough and very carefully prepared paper. It brings home to us, most of whom are engaged in domestic insurance practice, the fact that insurance is a world-wide mechanism, whose problems and practices transcend national borders.

## LIABILITY INSURANCE FOR THE NUCLEAR ENERGY HAZARD

RICHARD H. BUTLER

VOLUME XLVI, PAGE 23

DISCUSSION BY J. P. GIBSON, JR.

Since liability insurance for the nuclear energy hazard is still in the research and development stage, Dick Butler's paper on this subject is a masterpiece in painting the picture as it currently exists.

Mr. Butler was one of the pioneers chosen to blueprint the necessary innovations required to arrive at our present method of handling liability insurance for the nuclear energy hazard. He demonstrates in this paper a thorough grasp of the subject. Only a master of the situation could possibly condense into a short paper the historical background and explanation of progress in this newest of insurance ventures.

The paper only hints at the magnificent job of public relations achieved by the nuclear pools to work out an insurance program that would mesh with the government indemnity, to secure agreement by the insurance industry of uniform reinsurance exclusion clauses and acceptance by the public of concurrent exclusion clauses. The fact that these exclusions accomplished a transfer of liability from one piece of paper to another does not detract from the splendid salesmanship required.

Consider for a moment some of the innovations now in actual practice. The Nuclear Energy Liability Policy continues in effect indefinitely until terminated. The limit of liability expressed in the policy applies to the entire period that the policy is in effect. Loss adjustment expense is included within this limit of liability. The omnibus