

5. Be candid, open, frank, in telling the chairman your future plans.

To be serious for a moment in closing, package policies are new; they are unique; they're different from the sum of their components in both loss and expense elements. We must do our best as actuaries to recognize this and act on it. I think we have to ask ourselves, "Are marketing methods, statistical plans, and rate making procedures for package policies being formulated in such a manner that we will be doing our very best for the insured, or will we fall significantly short of this ideal?"

*Question by Mr. Berkeley:* I wonder if the seminars arrived at any conclusion as to how rates might be made for motel policies? The Inter-Regional Actuarial Committee which has that problem right now would like to know if you did find a solution.

*Response by Mr. Simon:* Well, I think if we had to vote on some of the different cases that I've talked about here, that probably the majority of people would favor the system of recording statistics in the A through E categories that I enumerated. There would be good minorities in what I call the fire system camp of no detail; and I'm sure that there would be a good minority in the put-it-back-to-the-original-components camp, too. I think that the accident year system would be favored by most people. Again, the fire people would say that you do not need this for the fire part if you're going to make rates separately there. The liability experts have been accustomed to the accident year basis for rate making and hence voiced no objection to its use in motels.

## ACCIDENT PRONENESS

(Summation by Ernest T. Berkeley, Actuary, Employers' Group)

As Bill Leslie has just pointed out, this is one of the two non-actuarial subjects that were taken up at the seminars yesterday afternoon. Judging by the interest shown by the seminar participants and the lively discussion that took place, I think the experiment was a complete success.

Since actuarial chairmen are not supposed to know anything about non-actuarial subjects—and I certainly fall in that category—I took the precaution of asking Dr. Leon Brody to come to the seminar to make some opening remarks and answer questions. Dr. Brody is the Director of Research at the Center for Safety Education at New York University. I am very grateful to him for the fine contribution he made and I am sure the seminar participants are too.

In view of the importance of the subject of accident proneness in the automobile field, it was decided to limit the discussion pretty much to that area, although industrial accidents were also touched upon to some extent.

In his initial statement Dr. Brody sketched the dimensions of the accident proneness problem and what might be done about it. The picture is a familiar one to everybody I know, with thousands of persons being killed every year in automobile accidents, millions of people injured and property and related

losses running into billions of dollars. Having in mind that some 90% to 95% of the vehicles involved in accidents are in good condition and also that 70% to 80% of the accidents occur in clear weather and on dry roads, it is apparent that the human element is the principal factor in automobile accident causation.

It has been estimated that there are some twenty-four million people in this country with a physical impairment of some kind and about seventeen million with a nervous or emotional problem where treatment has been sought. If we add to this total those people who have emotional and nervous troubles but do not seek treatment, we arrive at a very impressive total figure.

At this point it might be noted that the driving record of the handicapped person on the average has been found to be superior to the over-all average, due to the development of qualities in the handicapped person that tend to offset the disadvantage of the handicap.

It has been established that the number of chronic accident offenders, that is the repeaters, is relatively small and thus the major portion of the problem is centered in the larger group of drivers who fluctuate considerably in their accident proneness due to the temporary stress of emotion, or stress from various types of problems involving families, finances, etc.

In the teen-ager particularly, accidents may be traced very frequently to rebellion or resentment against authority. These thoughts lead to the conclusion that a personality test of some sort might be devised which would permit the identification of accident-prone drivers and, theoretically at least, would enable action to be taken by the licensing authorities on the more serious types of cases. Dr. Brody told us, however, that although much effort has been applied along this line, there is no reliable test available today.

He also stated he has concluded that one of the most effective means of accident control is the point system, in effect in about half the states, that assigns demerits for violations and may lead eventually to license suspension or revocation.

In our discussion we explored in varying degrees the points that had been made by Dr. Brody. In addition to what had been brought out before, it was also suggested that tightening of the licensing requirements in certain states where they are now very loose or nonexistent might be helpful in curbing the accident-prone driver. Also, generally it was felt that great care should be exercised to insure the collection of accurate statistics in analyzing various aspects of the automobile accident problem so that proper conclusions might be drawn.

In summary, it seems impossible at this point of time to identify and restrict the accident-prone driver by means of personality tests. The best approach appears to be the point system for violations, supplemented by tighter licensing requirements in some of the states.