

INSURANCE IN A WAR ECONOMY

(1940-1950)

CHAPTER VII

Troubled as Canadians were by the crippled economy of the 1930s, they were forced to face a larger crisis that began with the German invasion of Poland in 1939. The war threw the world into chaos once again, and in the Canadian insurance industry, an immediate and increasing burden was placed on the Canadian Underwriters' Association. It was a time of challenge and the CUA responded by devoting much of its expertise to the war effort.

In September 1939, A.H.S. Stead, Manager of the Dominion Board, summoned the managers and secretaries of the regional associations to their customary annual meeting to discuss common problems and exchange information. With the outbreak of war earlier in the month, it was natural that discussion should focus on the repercussions for the insurance business. Someone suggested the insurance companies could make a unique contribution to the war effort by placing the technical staffs of the associations at the disposal of the Canadian government. This proposal was authorized immediately, and Stead informed the authorities their services would be available without charge.

At all times, but particularly during the war, the Canadian Underwriters' Association stressed the need to reduce waste. CUA President K. Thom called on fellow citizens to exercise care, stating that:

The annual toll paid by insurance for fire losses and highway accidents is paid by the people of Canada by way of insurance premiums. Insurance premiums go into the cost of production of goods and the cost of services and thus are ultimately absorbed by the people as a whole. In these days of rapidly increasing taxation, in these times of salvage collection,



*Sydney W. Band, CUA President,
1940.*

and in a period when governments are going to extremes hitherto undreamed of to prevent inflation, it is not untimely to suggest that the Canadian public exercise a greater degree of care to reduce this terrific waste.

(*Monetary Times*, January 1942.)

Thom continued, emphasizing the problems created by lost material or equipment which under the circumstances became irreplaceable. He carried the analogy to the needless loss in automobile accidents where "the careless movement of a motorist may eliminate from our cause one who, had he lived, might have made a telling contribution in war, administration or industry." The war effort required the full efforts of all so that maximum productivity might be maintained.

Members of the Canadian Underwriters' Association and other board companies had to adapt to the changes brought about both directly and indirectly by the war. The abnormal and unbalanced experience of wartime conditions rendered statistics of the past useless. Alex Hurry, president of the association in 1943, observed:

The shortage of labour and materials due to war and activities has brought about a peculiar situation in regard to 'Use and Occupancy' and 'Profits' insurance since repairs and replacements to damaged property may be either facilitated or prevented according to the degree to which the property may be regarded as essential to the war effort.

(*Monetary Times*, January 1943.)

Another problem precipitated by the war was the acute loss of company staff. Hurry explained that "insurance clerks rank high in spirit and in the early days of the war, the enlistment ratio was

high." Many transferred immediately to the active army for general service abroad. Women also went in large numbers to the forces, to war industry and into government service. This drain resulted in unheard of turnover rates in company personnel. The companies struggled along staffed largely by young women without special training who were called upon to carry out jobs usually entrusted to men with several years' experience. Their work was supervised by much over-worked senior staff members.

During wartime, the use of automobiles decreased because of gasoline rationing and the scarcity of rubber for tires. Statistics based on past experience were useless rate guides, and premiums to car owners were reduced substantially. The movement away from automobiles put an increasing burden on buses and other forms of public transportation.

The war caused an increase in the loss ratio for fire insurance as companies reported their worst losses since 1932. Necessary repairs to buildings had to be delayed and worn out machinery and equipment could not be replaced. Plants operated around the clock with inexperienced help.

Among the services offered free of charge to the government was the inspection of plants. The CUA reported in 1945 that the government had carried out all recommendations and the association proudly announced there had been no serious loss in any inspected dominion government war plant. The CUA also provided the government with copies of



*J. Victor Owen, CUA President,
1941.*

maps, plans and reports on waterworks and fire protection for the principal towns and cities in Canada. By 1944, it was apparent Canada would not face direct attack and all policies covering War Damage were automatically removed.

Perhaps the most interesting experience in the CUA's wartime activities occurred when the government requested the services of an inspector who, until the last minute, did not know his purpose or destination. The government borrowed this inspector on condition that even the management could not be told where or why his assistance was required. The bombing of Hiroshima and Nagasaki gave the answer and explained the blank in his expense account. The expert had made an inspection and report on the Chalk River plant erected in connection with the atomic bomb.

An article in the *Financial Post* entitled, "Don't Let Fire Aid the Axis", provides insight into the state of fire insurance during the war. In 1942 fire destroyed \$31 million worth of Canadian property and claimed 304 lives. The article indicated that fire, whether caused by enemy operations or carelessness, constituted one of the most effective weapons in warfare. In addition to destroying property, fires also disrupted the flow of armaments and supplies so vital to the Allied war effort. The needless waste was compounded by the fact that almost 90 percent of the fires were considered preventable.

The article went on to explain the way in which war contributed to the problem of fires:

War has brought about some conditions that make fire prevention more difficult. For example, difficulty in getting metal boxes, cans, etc., has caused more people to use wooden

boxes as containers for ashes — a particularly bad fire hazard. Then too, new employees are working around many industrial buildings. Many of them don't realize the danger of fire; may not be conversant with the location of fire fighting equipment or its use; may be so rushed with work, they don't take time to guard against fire.

(*Financial Post*, October 2, 1943.)

This article, in exhibiting a concern about enemy activity in this country, warned citizens that they must at all times remain vigilant to prevent fires:

The more the tide of battle turns against the Axis the more desperate are its agents likely to become. Property owners, therefore, must be on guard to eliminate any conditions that may encourage their operations. For this reason, every person on factory or warehouse premises should be carefully investigated.

(*Financial Post*, October 2, 1943.)

After the armistice in 1945, the CUA had to react to the transition from a war-based economy to peace-time production. More specifically, the association had to decide how to assess the value of those plants which, after the war, had been closed or scaled down to normal size. Members decided to leave the question of actual cash value in abeyance until a fire occurred. The true test of the value came through the actions of the owner. If he rebuilt, he would collect insurance on the regular cash value. If he chose not to rebuild, the insurance would be adjusted on the wreckage value and a rebate of any excess premiums would be allowed. Depending on his reaction, the owner was responsible for determining the value of his structure.

The following demonstrates how this principle worked:



Reproductions of Billboards

Shown in Twelve Western Cities Throughout the Year

DONT GAMBLE WITH SECURITY
PROTECT YOUR PROPERTY
AGAINST ALL HAZARDS
BUY BOARD INSURANCE

EVERY CAR OWNER SHOULD BE INSURED
ARE YOU?
BUY BOARD INSURANCE

BOARD INSURANCE RATES ARE NOT PICKED OUT OF A HAT!
They are scientifically computed...
PROTECT YOUR PROPERTY AGAINST ALL HAZARDS
BUY BOARD INSURANCE

HONESTLY NOW - WHAT'S YOUR HURRY?
BOARD OF TRADE SAFETY BUREAU
SPONSORED BY BOARD INSURANCE COMPANIES AND AGENTS

It Pays All Ways
TO INSURE IN BOARD COMPANIES
Buy BOARD INSURANCE

DON'T BE LEFT HOLDING THE BAG!
\$5,000,000 UN-INSURED PROPERTY FIRE LOSSES IN CANADA IN 1937
BUY BOARD INSURANCE

CONSTANT VIGILANCE FOR YOUR PROTECTION!
Only BOARD COMPANIES conduct MUNICIPAL INSPECTION SERVICES
BUY BOARD INSURANCE

BRING 'EM BACK ALIVE
BOARD OF TRADE SAFETY BUREAU
SPONSORED BY BOARD INSURANCE COMPANIES AND AGENTS

IS THIS YOUR ONLY PROTECTION?
INSURE against FIRE LOSSES
Buy BOARD INSURANCE

"BOARD" INSURANCE
DEPENDABLE PROTECTION against AUTOMOBILE LOSSES FIRE LOSSES
BOARD INSURANCE

An example would be a building which has cost say \$250,000. This has depreciated not only in physical value but also in commercial value because it can no longer be used for its original purpose... If it can be converted to peacetime production, it may be worth \$150,000. But if not, it may be worth only the salvage value of the materials less cost of wrecking — probably a few thousand dollars net. The owner can insure for the conversion value of the property and pay the regular premium. Then if the property burns, his decision to rebuild or not is regarded as the test of real value and the insurance adjusted accordingly. If he has paid too much in premiums for the amount of insurance which it is decided he should have carried, premiums are also adjusted retroactively.

The CUA solution met with wide approval from the companies under its jurisdiction in Ontario and Quebec. Its implementation by companies was recommended although optional. Many advocated that this principle should be extended to insurance generally, but the number of exceptions requiring special consideration proved the idea to be impractical.

Implementation of a non-intercourse rule had nagged the association for years. In some jurisdictions, it had been in force for decades and had enjoyed the support of the agency bodies. Those companies obeying a non-intercourse rule repeatedly demanded that action be taken to bring Ontario and Quebec into line. There, agents and brokers used the exemption to raid tariff and non-tariff business in other parts of the country.

The association sought to maintain non-intercourse in jurisdictions where it was practised, and undoubtedly would have liked to

introduce it into its own territory. But the CUA also sought refuge in procrastination, and in ineffective, superficial gestures. An example of the latter was Rule VI (c) which went boldly in the Constitution of May 1936, with a footnote that indicated the rule had been approved in principle but would not be enforced until authorized by a meeting of the association. In 1940, President Sidney W. Band frankly described the situation:

If it be conceded that it is impossible to secure observance of the Non-Intercourse Rule in Ontario and Quebec, common fairness should dictate that we admit our impotency to the agency bodies elsewhere in Canada, leaving them free to maintain or dispose of the rule as they see fit. To endlessly support principles in theory and to deny them in practice, is one of the more inexcusable forms of hypocrisy.

One of the objects of the new association was to participate with agency bodies in the establishment of sound principles, and to consider their recommendations and suggestions. For this purpose agency liaison committees were formed. In 1942, the association entertained a suggestion that higher rates of commission might be allowed to those agents agreeing to non-intercourse. This proposal was not adopted, and the result was yet another compromise. Under the Agency Registration Plan, agents outside Toronto and Montreal who placed 75 percent or more of their fire business with tariff companies received a higher rate of commission than those placing a lower percentage. Association services, maps and other tariff material were withdrawn from those whose percentage was grossly inadequate.

This plan was met with suspicion and hostility when first implemented, especially by the Insurance Brokers' Association of Quebec. In Toronto, conversely, the liaison committee reported that the agents exhibited the utmost sincerity and interest and declared a genuine desire to reach a satisfactory agreement. The reasons behind the opposition to this arrangement are not altogether obvious. One factor may have been the objection put forward by the Quebec Agency Liaison Committee in its 1944 report: "There was a preponderance of non-Board agents on the Brokers' Committee, some of whom had been interested in promoting local companies on the score that they were dissatisfied with the CUA agreement." Some of those opposed even tried to force the provincial government to intervene.

Throughout the years, all discussions between association companies and their agents had been regarded as domestic or family matters. In 1921, for example, the government of Ontario declared that commissions were too large a factor in the cost of fire insurance. V. Evan Gray, then Superintendent of Insurance for the province, had admitted that legislation might be helpful, if not inevitable. Any such action could have no effect other than to reduce commissions. But the association companies preferred to work on the matter alone, long and difficult as the task might be.

These same opposing interests influenced an agent at Masson, Quebec to refuse either to sign the agreement or to surrender his tariff material, and subsequently financed his defence in the action taken by the association for

recovery. Judgement for the association was rendered by the Superior Court and the appeal by the agent failed. In other places in both Ontario and Quebec, small groups of agents refused to register but in each case new tariffs or card-rating sets were issued during the course of the dispute. Naturally, these were sent only to agents who had registered under the plan and so the opposition, quick to realize the value of the board services when deprived of them, came into line. By 1950, most agents in specifically rated places had registered or surrendered their tariff material.

Administrative costs were rising and a principal concern of member companies was to keep expenses as low as possible. Through the efforts of the association, the cost of insurance had been reduced, and to write the same volume of insurance for much less money meant that the cost of handling took a much larger proportion of the premium dollar. In considering changes that had taken place in the industry, Alex Hurry stated in 1941 that while 28 percent of the fire premium collected went for commissions, taxes and all expenses in 1907, by 1940 this figure had risen to 53 percent. During the same period, the average price of \$100 of fire insurance had fallen from \$1.60 to \$.60. The decrease in premiums paid reflected reduced fire losses. In the early 1920s, fire losses amounted to about \$4 million per month. The total loss for fires in 1929 stood at \$47 million, but this figure had dropped to \$24,632,509 in 1939. Hurry summarized the situation that confronted the association in 1943:

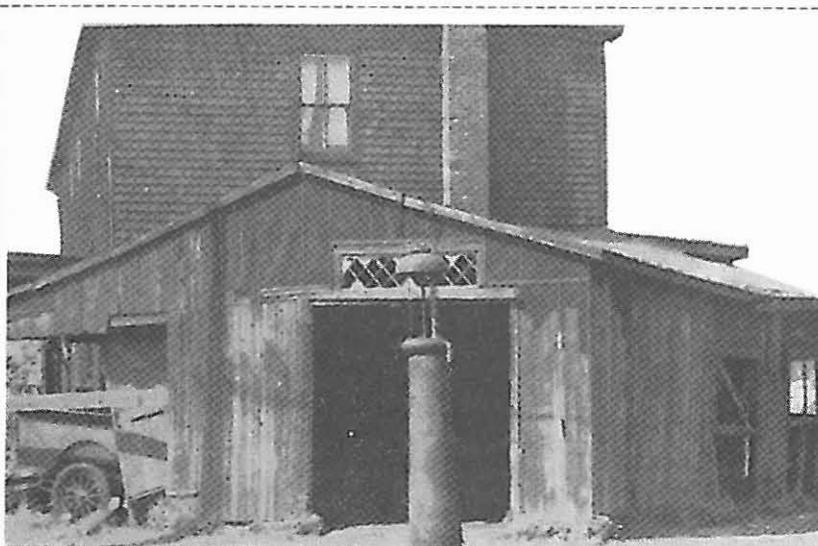
We have put at the disposal of municipalities, of firms, of architects and employers, the services and knowledge of expert engineers and research men, and have played a large part in reducing the fire waste of the country, in instituting safe working conditions in factories and in protecting properties of all kinds from all kinds of hazards. In doing so we have spent a substantial proportion of the premiums collected from the public, to show the public how to pay us less and less for their protection.

The easiest method of meeting the challenge of falling income was to raise the volume of assessable income. One way of achieving this was by increasing membership. In 1943 and in the

years following, there was some hope that the association might grow. Hurry observed:

Today the non-Board companies are many and strong, but that very fact has led to a rate-war within their own ranks and the greatest possible justification for the principle of tariff agreements is shown by the fact that companies outside the Association have found it advisable to form an association for mutual conference and the support of sound practices...I am not without the hope that the two bodies may one day find a basis for complete cooperation.

The 1940s represented a period of dramatic change. The progressive changes demanded by the war were followed by even more



The occupant of this home lives dangerously. The wood and tar paper shed, directly against the frame house, is wide open to the highway, exposed to every fire hazard that can entail. The country is full of undue risks which could be removed. You may have one in your town. If so, it's good citizenship for you to play the role of "safety-maker." Identify yourself with the Underwriters and BOARD insurance; suggest to owner or occupant that he at least have a thought for his own life or property. Or you might remind the municipality of its safety laws.

significant changes in peacetime. Gasoline rationing, share-the-ride plans, and a shortage of rubber and repair parts forced a totally different approach to automobile rating. The per capita fire loss rose in five years from \$2.46 to \$3.46 in 1946. During the war, the Board Offices, with 33 of the staff in the armed forces and

Morale at the outset of the 1940s had not been high, largely because of the depression and war. E.O. Ryan has indicated that the problem ran deeper than this, however, and suggested that fluctuations in morale "are common to all such organizations with ideals, be they in the sphere of religion, politics, business or anything else. Fervour will sometimes give place to apathy and

received, in recent months, the same prominence as the word 'sanctions' did a few months ago. The general use of the word should not blind us to the fact that, while few members have been complacent from the standpoint of comment, few members appear to be anything but complacent from the standpoint of doing anything about the conditions of which they complain...The apparent disregard of the existing commission rules argues a poor future for any new ones that may be promulgated and our individual tolerance of such actions as must necessarily jeopardize the business of a fellow member, is not a virtue but a vice. Stamping had virtually eliminated

These words have a significant meaning.

Canadian, are a big contributor to the "WAR EFFORT" through more than one channel. Over and above your daily work which, in some form or another, is related to the war effort, you are paying direct and hidden taxes, income and — perhaps, excess profits tax — buying war bonds, war savings all part of Canada's war effort. And that you are doing all this should bring a thrill of achievement, of pride, a sense that YOU are doing something great, which, with the work of all hands of others in Canada, will lift the yoke of slavery from the shoulders of the conquered peoples of this world, to bring unconditional surrender of the ring peace, tranquility to an untroubled world.

Canadian, though these are tense nerves and sinews are strained, and physical fatigue are common.

others engaged in inspection and fire prevention work for war industries, were hard pressed to carry on. With the removal of the tensions of war, the voluntary bonds of discipline and sacrifice largely disappeared. The post-war energy, which created a spirit of unrest and opportunism, also found positive expression. For the insurance industry, this meant being receptive to change and new ideas.

the Dominion Board of writers, are doing a special job, helping the government directly, indirectly.



Let's consider a few of their tasks which help YOU. In war factories throughout the Dominion, in which are invested the money you and millions like you are called upon to pay in taxes, they are constantly at work, planning and helping to supervise layouts of plants to see that fire and other hazards are eliminated or minimized to protect the money YOU have given to the government, and to make certain that adequate safeguards for property worth billions of dollars... and human lives too, are in existence.

These experts make rigid tests of sprinklers and fire fighting equipment in war plants and industry generally, of the fire fighting equipment and services in the different towns, cities and villages, of the water supply systems and pumping facilities, even of the hose used by the firemen. And to what purpose. Just to make certain that, if a fire does start there will be an efficient fire fighting force available to quench that fire as quickly as possible; to make certain that there is an ample water supply, that pumping facilities are adequate.



A sample of CUA war-related advertising.

premiums as low as possible. prompt payments on YOUR policy if you suffer a loss.

Yes, these men are working for you, Canadian, and at absolutely no cost to the government, to protect YOUR investment in YOUR country. They are representatives of BOARD insurance companies which sell fire, automobile, and casualty insurance to you and your family.

Perhaps, you may ask, why do these companies supply these services, and what do they get in return? The answer is a fair one. The cost of supplying these and other important services which affect you, is borne by the Board Insurance Companies for two reasons—they are essential to public welfare and they have a bearing on fire, automobile and casualty rates which are always maintained at the lowest level consistent with sound



there will always be those lesser men who will find that such conditions can be used to their advantage." President Sidney W. Band explained the problem as it affected the association in 1940: The word 'complacency' has

rate-cutting. It is true that a company official might — and occasionally did — send for stamping

a Daily Report that showed the correct premium and, as soon as it was back in his office, attach an endorsement giving a rebate. This was a dangerous practice because it was difficult to confine knowledge of the transaction to himself. Even if he took the precaution to attach a note to the endorsement: "Do not send to the CUA", the instruction might be overlooked. On at least two occasions endorsements bearing such notes reached the Montreal Stamping Department and were given a great deal more than routine attention.

The problem of commissions, however, continued to dominate the scene. The examiner could only check the rate of commission shown on the Daily Report and, in cases where excess commissions were being paid, the percentage appearing bore no relation to that allowed. The only way such infractions could be discovered was through the periodic issuance of 'questionnaires' asking each member whether he had been paying excess commission in a specified agency. These questionnaires were generally answered honestly. They required the signature of the company manager and, while some might have no particular qualms about what they had done, there were few, if any, who would sign a deliberate lie, especially since many people were well aware of the actual circumstances.

Through these questionnaires a number of disclosures were made. But, as it was plainly impossible to treat every suspected agency in Quebec and Ontario like this, the general effect was to give the members the impression that malpractice was widespread. This, combined with the fact that some members failed or refused to reply to the questionnaires, gave those who admitted to infractions the impression they were being pilloried while others went free. In 1940, the council referred to the problem created

Alex Hurry, CUA President, 1943-44.



by the "reluctance of certain members to admit infractions where they exist."

The situation had a disruptive effect on business and led one disillusioned member to give notice of his intention to withdraw from the Dominion Board and the CUA. At the Annual Meeting in 1940, a motion deploring unethical practices and urging association members to act in good faith was passed with one dissenting vote. The dissenter probably felt that, for the injuries the five companies he represented had suffered, some better assurance than a pious resolution was required.

His experience was probably not unique. Before coming under his management, one of the companies in this member's group had agreed with an agency to pay excess commissions. In reply to a questionnaire, he and three other companies admitted such arrangements and all agreed to stop the practice immediately. He kept his word and saw his income from the agency drop from \$9,000 to less than \$300. Another questionnaire a few years later revealed that two of the companies that had previously admitted paying excess commissions were still doing so, despite their promise to reform. The irate member cited a similar instance where his premium income from an agency had dropped from about \$23,000 to \$9.00. Again, other companies paying excess terms had profited

W. C. Butler, CUA President, 1945.



R. DeGrandpre, CUA President, 1946-47.

at his expense.

From time to time, the association considered the idea of fines for deliberate infractions but always tried to find some other way of enforcing discipline among members. But the situation was now so serious that condoning evasion was no longer feasible if law-abiding members were to be protected. At a Special General Meeting at Montebello in October 1941, an amendment to the Constitution empowering the council to impose fines not exceeding \$2,500 was adopted by a vote of over two-thirds. The amendment was given credibility at a council meeting in March 1942, when managers of the association were instructed to advise all members that companies guilty of commission infractions after May 1 would be subject to the new rule.

Formulation of effective commission rules, the result of countless meetings and patient efforts of the association and agency committees, finally occurred in June 1948. The new rules signalled a major departure from established

practices, practices that had grown haphazardly throughout the years. The greatest opposition came from the excepted cities—Montreal, Toronto and to a lesser extent, Quebec City (which had once been an excepted city).

The recently introduced Agency Registration Plan, applicable to agents outside these two cities, had added to the complexities. Another difficulty was that the lowering of rates inevitably meant the lowering of agents' income, unless some means could be found to increase volume. Companies experienced the same problem; the lower the rates, the higher the expense ratio. In 1944, the Toronto Agency Liaison Committee expressed appreciation for the help and cooperation accorded by the Toronto Agents' Conference Committee and concluded:

When a solution is found it must have regard for the conditions under which agents have developed their business, legitimately, during recent years; it must be applied so as to minimize the injury to, or disturbance of, existing legitimate contracts; it must be of such a character that the

agreed terms are justifiable to the public, represent an adequate reward to the agent for his services and compromise a definite maximum charge against the companies for agency acquisition costs; and finally the agreed terms must be desired and adopted by an overwhelming majority of companies, member and non-member.

The matter was referred to the Dominion Board and that body formulated the new rules. The most important features of the agreement were:

- 1) Equality of opportunity
- 2) Termination of most city agency contracts within five years. (Equality of opportunity was the issue that the Law Union and Crown had been fighting for as far back as 1908; they were about 40 years ahead of their time).

Under this plan, a new class known as 'City Agents' was established. These agents replaced the Toronto Excepted Agents and the Montreal Chief Agents, with their unrestricted commissions. To obtain the status of a city agent, sponsorship by a member company was required.



*View of the Plan Department,
Western Canada Insurance
Underwriters' Association,
Winnipeg, 1941.*

Members doing business in Montreal were permitted to appoint two such agents, while in Toronto the limit was one. Following previous practice, any company could enter into agreements with any number of city agents, paying them under city agency terms. This benefited both parties: The sponsoring company was in a preferred position in the agency because withdrawal of its sponsorship meant the agent would have to find another or revert to local agency status. The second important feature of the rules was the provision that city agents, other than those with sub-agency plants, would be made local agents at the end of five years. At the Annual Meeting in 1950, the president, R.H. Leckey, happily announced that not only were there no complaints of violations, there were not even rumours of any.

Another notable achievement initiated by the CUA during this period, benefited not only members, but all joint stock companies transacting business in Canada. In 1941, Leslie Ham, manager of the association for Quebec, drew the attention of the council to the fact that discrimination existed in the Income Tax Act in favour of Mutual Insurance Companies. In June 1942, a committee was appointed to pursue the matter and Ham was instructed to prepare a brief to be filed with the Ministers of National Revenue and of Finance. This, together with the representations of the committee to the ministers in question, prompted quick results and the Minister of Finance took steps to ameliorate the conditions under which the stock companies were operating.

In 1944, the government appointed a Royal Commission to enquire into discrimination in taxation and, on behalf of the association, a request was made to include mutual insurance in the terms of reference. In making this request, Ham had the substantial backing of the other territorial and agency associa-

tions across Canada. One year earlier, the Canadian Chamber of Commerce had reaffirmed its stand on equitable taxation between mutuals, cooperatives and private enterprises.

The All Canada Insurance Federation presented the case of the joint stock insurers to the commission. The commission found that discrimination existed against the joint stock companies and suggested some corrective measures. The latter were not considered feasible, and Ham was instructed to collaborate more with the All Canada in presenting the views of the companies both to the Minister of Finance and to a Committee of the Senate that had been appointed to enquire into the whole tax structure. The final result was that the Income Tax Act was revised, the discrimination in taxation removed, and the mutual and joint stock companies put on a comparable basis with respect to income tax.

If staff problems were bad during the war, they were little better in the immediate post-war period. During the war years the turnover of staff reached almost 100 percent in each Board Office, and in the short period from July 1, 1945 to June 13, 1946 this was only reduced to 97 1/2 percent in the Toronto office. Stamping was curtailed because of severe



Robert L. Stalling, CUA President, 1948.



W. E. Baldwin, CUA President, 1949.



R. H. Leckey, CUA President, 1950.



A tractor train pulls into Yellowknife, Northwest Territories, after a 150 mile trip from Lower Hay River, 1946. Two years later the first insurance plan of the new northern centre was published.

administrative problems. Stamping originally had been applied to fire business only, but soon after the amalgamation, it had been extended to automobile, burglary and plate glass. The difficulty in securing adequate office help raised the question of exempting the three latter classes during the war.

In 1943, a committee headed by Colin Sword was directed to study the matter. The committee recommended that stamping be continued without change. Sword, an excellent writer and speaker, defended the stamping system: The complications of the modern rating systems and the innumerable and frequent changes of policy and of forms and rates make it difficult for even the most exemplary observer of his moral obligations to avoid unintentional errors. The less frequent but more deliberate infractions may be attributed to that human frailty under which the stress and strain of competition for business and for new agency connections is unable to

resist temptation. The submission of documents to a stamping department is beneficial in the one case and fortifying in the other, thereby lending a strengthening influence over the Association as a whole... Prior to the installation of the Stamping System the observance of the rates and rules was inclined to be casual rather than general. The rapidly increasing number of member companies emphasized the need for assurance to all members that the rules were being observed without discrimination, and this function the Stamping department has performed to an appreciable extent. The successful operation of an Association can be assured to the extent that the rules bear uniformly on all members and—to that extent only.

In 1950, stamping of burglary, plate glass and most automobile classes ceased. About the same time, wider powers were given to the Dominion Board while the CUA's were curtailed. In 1949, Leslie Ham, head of the Montreal office since 1935, was transferred to the Dominion Board to replace

Stead, who retired after playing a prominent part in the affairs of the association for more than 40 years.

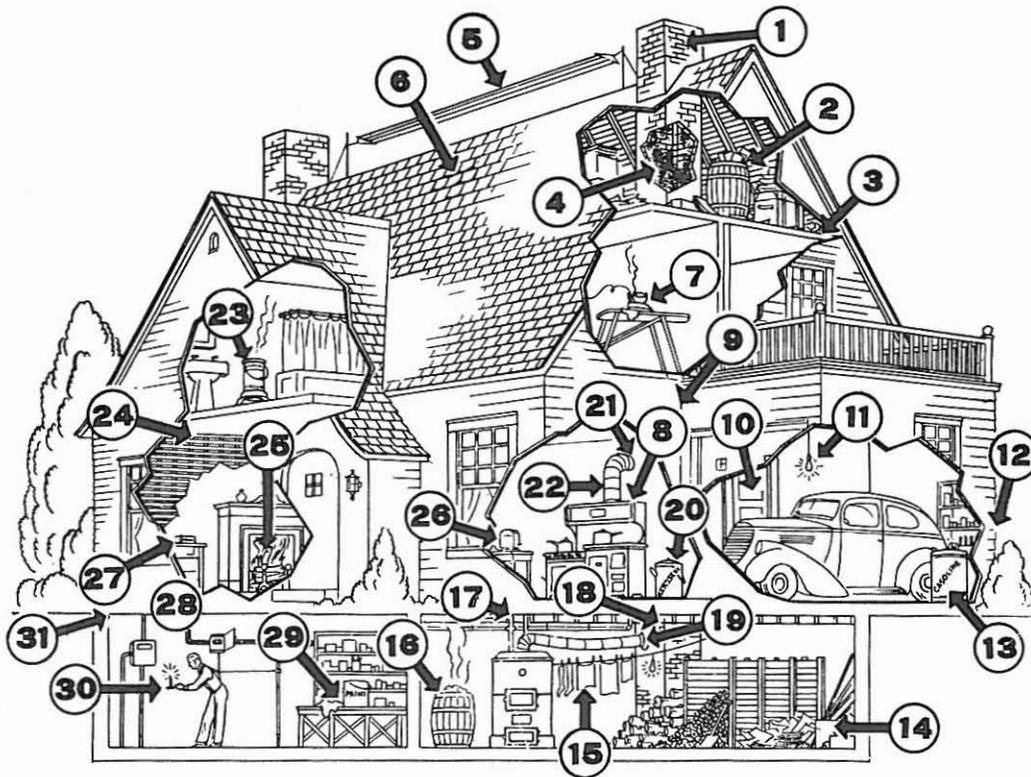
The Canadian Underwriters' Association emerged from the war years with a very optimistic outlook. Association President R. de Grandpre, in a 1946 address stated, "With its achievements during 62 years of existence, the Canadian Underwriters' Association looks to the future with confidence, satisfied that it can meet, in the years to come, the requirements of the nation."

The magnitude of the work done by the association during the war is difficult to appreciate from this distance of time. But numerous letters illustrate how much the government and many hundreds of war-industry plants appreciated the efforts of the association to keep their operations free from interruption. One read: "The Canadian Underwriters' Association has reason to be proud of its record... it has more than justified its existence." (*Montreal Gazette*).

The tariff companies themselves took no particular credit for what they achieved through their association. The burden was a heavy one, but it was assumed as a matter of course, just as many others gave freely of what they had. But they certainly could take pride in the fact that they were singularly well qualified for their task and during the war, provided the same conscientious service they had offered Canada for more than 60 years.

THE CANADIAN UNDERWRITERS' ASSOCIATION REPRESENTING
"BOARD" INSURANCE COMPANIES URGES YOU TO

*Check Your Own Home TODAY on ALL
these Fire Hazards:*



- | | | |
|--|--|---|
| 1. Chimney poorly constructed and without flue lining. | 11. Improper extension violating electrical regulations. | 23. Asphyxiation and explosion possibility from kerosene or gas stove. |
| 2. Rubbish in attic. | 12. No vent in garage to allow fumes to escape. | 24. Wooden lath walls without fire stops. |
| 3. No fire stops. | 13. Gasoline kept or used in any part of building. | 25. Fireplace hearth and bricks not sufficiently insulated and no screen. |
| 4. Soot in chimney. | 14. Rubbish in cellar. | 26. Unapproved electrical appliance lacking proper insulation. |
| 5. Aerial not properly grounded and no lightning arrestor. | 15. Wet clothes hung on electric wire. | 27. Matches within reach of small children. |
| 6. Combustible roof exposed to chimney sparks. | 16. Wooden barrel for hot ashes. | 28. Overloaded circuits permitted by improper electric fuses or dangerous substitutes. |
| 7. Non-automatic electric iron left attached. | 17. Unprotected steam pipes. | 29. No tightly covered metal container for storing oily rags or cleaning cloths. |
| 8. Leaking gas stove. | 18. Joists resting on brick chimney. | 30. Searching for gas leaks with open flame. |
| 9. Garage attached to house without fire-proofing. | 19. Sagging, defective, unprotected furnace pipe. | 31. Lack of ceiling of cement on metal lath extending across cellar from one foundation to the other. |
| 10. Door from house into garage not metal sheathed or tight-fitting. | 20. Kerosene near fire. | |
| | 21. Stove pipe lacking metal collar where it enters chimney. | |
| | 22. Stove and stove pipe unprotected from wall. | |

**Any of these hazards could cause a fire that would burn the house and
ENDANGER THE FAMILY**