

THE EVOLUTION AND PRESENT FORM OF AUTOMOBILE
INSURANCE IN THE STATE OF TEXAS

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INSURANCE IN THE STATE OF TEXAS

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TABLE OF CONTENTS

	Page
LIST OF TABLES	v
Chapter	
I. INTRODUCTION	1
Statement of the Problem	
Scope of the Problem	
Source of the Data	
Collection of the Data	
Treatment of the Data	
Definition of Terms	
II. COMMISSIONERS.	6
The First Chairman of the Board of Insurance Commissioners for the State of Texas	
A Constitution Adopted	
Insurance and Banking	
Workmen's Compensation	
Board of Commissioners	
Present Status of the Commissioners	
Terms of Office	
General Insurance Duties of Commissioners	
Commissioners Bonded	
Appointment of Clerks	
Ineligibility of Certain Persons	
Specific Insurance Duties of Commissioners	
Authority, Powers, Rights and Privileges of Commissioners	
III. LAWS AND THEIR ADMINISTRATION.	22
For the Year Ending August 31, 1928	
For the Year Ending August 31, 1929	
For the Year Ending August 31, 1930	
Collections and Appropriations	
For the Year Ending August 31, 1931	
Collections and Appropriations	
Experience and Fleet Rates	
Collections and Appropriations	
For the Year Ending August 31, 1932	
Collections and Appropriations	
For the Year Ending August 31, 1933	
Collections and Appropriations	

Chapter	Page
For the Year Ending August 31, 1934	
Collections and Appropriations	
For the Year Ending August 31, 1935	
For the Year Ending August 31, 1936	
For the Year Ending August 31, 1937	
For the Year Ending August 31, 1938	
For the Year Ending August 31, 1939	
IV. POLICIES	62
Types of Policies	
Coverages	
Exclusions Applicable to Coverages	
Conditions Applicable to Coverages	
V. CONCLUSIONS AND RECOMMENDATIONS.	86
Conclusions	
Recommendations	
BIBLIOGRAPHY	90

LIST OF TABLES

Table	Page
1. Fleet Ratings Approved November 10, 1930, to August 1, 1931	30
2. Analysis of Special Automobile Rate Calculations, September 1, 1931, to August 31, 1932	37
3. Analysis of Special Automobile Rate Calculations, September 1, 1932, to August 31, 1933	39
4. Analysis of Special Automobile Rate Calculations, September 1, 1933, to August 31, 1934	44
5. Analysis of Special Automobile Rate Calculations, September 1, 1934, to August 31, 1935	48
6. Analysis of Special Automobile Rate Calculations, September 1, 1935, to August 31, 1936	51
7. Analysis of Automobile Rate Calculations and Special Policy Approvals.	56

CHAPTER I

INTRODUCTION

Statement of the Problem

The purpose of this study is to determine the evolution and present form of automobile insurance in the State of Texas.

Scope of the Problem

The history of automobile insurance in Texas began in August, 1927. In general, this thesis involves a study of automobile insurance over a ten-year period, from August, 1927, to August, 1937. The specific scope of the problem includes also a study of commissioners, laws, types of policies and their coverages, and finally certain conclusions and proposed recommendations which are interpreted in the light of what is thought to be practical and worth while.

Source of the Data

Data for the study have been secured from the Annual Reports of the Board of Insurance Commissioners, Austin, Texas; The Aetna Casualty and Surety Company and the Automobile Insurance Company of Hartford, Connecticut, Dallas, Texas; and The Travelers Indemnity Company and The Travelers Fire Insurance Company of Hartford, Connecticut, Dallas, Texas.

Collection of the Data

In collecting data for the study, it has been learned that automobile insurance in the State of Texas is very similar to that of other states. The Board of Insurance Commissioners of Texas has standardized automobile insurance in the state for the express purpose of simplifying it to meet the needs of automobile owners, dealers, and drivers.

Treatment of the Data

A conscious effort has been made to assimilate the data in such a way as to present a logical and chronological view of the subject. The problem has been thoroughly analyzed and the results deduced entirely from the analysis.

Definition of Terms

For the sake of clarity, it is well to define some of the terms which are used in this study:

1. The term automobile, or motor vehicle insurance, as referred to in this study, means every form of insurance on any automobile or other vehicle and its operating equipment. This includes any automobile, motorcycle, motor-bicycle, truck, truck-tractor, tractor, traction engine, or any other self-propelled vehicle, likewise every vehicle, trailer, or semi-trailer pulled by a motor vehicle, but excludes every motor vehicle that runs upon fixed rails or tracks.¹

¹R. L. Daniel, Insurance Laws of Texas, p. 6.

2. Risks imply all insured motor vehicles named in the definition of automobile or motor vehicle insurance.

3. Rates are the amounts of money charged policy-holders for their insurance protection on motor vehicles.

4. A certificate of authority is a license granted by the State Board of Insurance Commissioners to an individual or group of individuals, permitting said individual or group of individuals to engage in the business of insuring motor vehicles against those losses which may be insured against under the automobile insurance laws of the State of Texas.

5. The word carrier used in this study means that type of insurer which, in consideration of premium, issues policies to others insuring against those losses which may be insured against under the provisions of the law, including stock companies, mutual companies, reciprocals or inter-insurance exchanges, or Lloyds Associations.²

6. The term insurer, as used in this study, includes every insurance company, corporation, inter-insurance exchange, mutual, reciprocal, association, Lloyds or other insurer, writing any form of motor vehicle insurance in the State of Texas.

7. The unqualified word insured wherever used in Coverages A and B and in other parts of the Combination Policy, when applicable to these coverages, includes not only the named insured but also any person while using the automobile and any person

²Amended Acts 1933, 43rd Legislature of the State of Texas, Ch. 164, p. 420.

or organization legally responsible for the use thereof, provided that the declared and actual use of the automobile is "pleasure and business" or "commercial", each as defined herein, and provided further that the actual use is with the permission of the named insured.³

8. Automobile dealer, or repair shop may be defined as the ownership maintenance or use of any automobile for any purpose in connection with repairs to automobiles or their parts and the mechanical equipment.⁴

9. Private livery (persons): The ownership, maintenance or use of any private passenger type automobile, which is subject to call at the designated premises only and rented to others by the insured with a chauffeur employed by the insured in attendance for the purpose of carrying passengers.⁵

10. Commercial livery (property): The ownership, maintenance or use of any automobile of the commercial type rented to others by the insured for the transportation or delivery of goods, commodities, merchandise or other property.⁶

³Uniform Standard Automobile Policy, Combination Form, The Travelers Indemnity Company and The Travelers Fire Insurance Company, Hartford, Connecticut, p. 2.

⁴Uniform Standard Automobile Policy, Garage Liability Form, The Travelers Insurance Company and the Travelers Indemnity Company, Hartford, Connecticut, p. 2.

⁵Ibid.

⁶Uniform Standard Automobile Policy, Garage Liability Form, The Travelers Insurance Company and The Travelers Indemnity Company, Hartford, Connecticut, p. 2.

11. The term pleasure and business is defined as personal, pleasure, family and business use.⁷

12. The term commercial is defined as the transportation or delivery of goods, commodities, or merchandise and other business uses in connection with the insured's business occupation as expressed in this policy, including occasional pleasure use for the insured and family.⁸

Use of the automobile for the purposes stated include the loading and unloading of the vehicle.⁹

⁷Uniform Standard Automobile Policy, Combination Form, The Aetna Casualty and Surety Company and The Automobile Insurance Company, Hartford, Connecticut, p. 1.

⁸Ibid.

⁹Ibid.

CHAPTER II

COMMISSIONERS

The First Chairman of the Board of Insurance Commissioners for the State of Texas

In 1874, the first attempt was made by the State of Texas to regulate the operation of insurance in Texas. The 14th Legislature passed an act regulating all companies engaged in life and health insurance, and all associations, partnerships or individuals conducting a life and health insurance business in the State of Texas. The 14th Legislature, at its second called session in 1875, passed another act regulating companies doing fire and marine insurance business in the State. In these two acts, the supervisory authority that was provided for by law was vested in the State Comptroller of Public Accounts, and the service that he rendered was in addition to the regular duties for which he was held responsible.¹

A Constitution Adopted

In 1876, our present State Constitution was adopted. This constitution contained a clause which gave the Legislature authority to create the office of Insurance Commissioner. At a meeting of the Legislature later in the year, the Comptroller was relieved of this office, and an act was passed which created

¹R. B. Cousins, (Typewritten Report) "The Evolution of the Texas Department of Insurance," p. 1.

a special department whose duty was to supervise the insurance business. The department created at that time was not specifically an insurance department, but was called the Department of Insurance, Statistics, and History. The duties imposed on the Commissioner at that time were few, but detailed in as far as they relate to supervision of the insurance business. Since statistics and history were involved the Commissioner was looked to as an available source of reliable or authentic information relating to the population, wealth, and general resources of the State, pertaining to commerce, trade, and industry, and such other information that might be of specific and especial interest to the general public. It was the Commissioner's duty to call upon local officials who could furnish data that might be needed by the Commissioner. He assimilated and tabulated these data in a manner easily read and understood and reported them to the State Governor once a year.²

As another official duty, the Commissioner was required to procure data relating to the early history of Texas, and to file and preserve them in the State archives. He was instructed to obtain and catalogue information and any documents, books, and maps relating to the history of Texas as a province, colony, republic, and state. To obtain such information, it was necessary for the commissioner to correspond with and contact educated persons. Also, he obtained some very valuable information from the archives of Mexico. In order that the

²Ibid., p. 2.

commissioner of Insurance, Statistics, and History would be kept busy, he also fulfilled the duties of State Librarian.³

From 1876 to 1885, there were no changes in the office of the commissioner. In 1885, a bill was passed imposing additional duties relating to the development of agriculture, making the commissioner ex-officio member of the Board of Directors of the Agricultural and Mechanical College of Texas.⁴

The first State Banking Act was passed in 1905, and this added much to the required duties of the commissioner of Insurance, Statistics, History, and Agriculture, and a member of the Board of Directors of the A. & M. College.⁵

Insurance and Banking

At its regular session in 1907, the 30th Legislature created the office of Commissioner of Agriculture and relieved the old department of all duties relating to agriculture. The name of the former department was changed to the Department of Insurance and Banking. At this time nothing was done about the duties and functions relating to statistics and history; so they gradually faded out and were later absorbed by the office of the State Librarian.⁶

In 1923, the Legislature created two departments--the Department of Insurance and the Department of Banking. Honorable Thomas B. Love, now State Senator from Dallas, was appointed

³Ibid., p. 1.

⁴Ibid., p. 3.

⁵Ibid.

⁶Ibid.

first commissioner after the office of Commissioner of Insurance and Banking was created. After three years of service in that capacity he was succeeded by Honorable William E. Hawkins, later Associate Justice of the Supreme Court of Texas. Both of these early appointees were lawyers and no doubt were qualified to serve in the insurance capacity as well as that of banking.⁷

In 1927, a new arrangement was adopted by the Legislature. The present Board was created, and the Commissioner of Insurance was made Life Insurance Commissioner and Ex-officio Chairman of the Board.⁸

Workmen's Compensation

In 1913, the Legislature enacted the Workmen's Compensation Law as a part of that act, and for the purpose of making the act effective, it created the Texas Employer's Insurance Association. This association was designed to afford workmen's compensation insurance to the employers in the state desiring to avail themselves of the provisions of the act. Into the hands of the association there was given rate-making authority insofar as workmen's compensation policies were concerned. Whatever rates were fixed by this association under the approval of the Commissioner of Insurance and Banking were the criterion by which other companies must charge for similar protection. This condition in effect continued until 1923, at which time the Legislature took away from the Texas Employers' Insurance Association its connection with rate-making and transferred that function to the State Fire Insurance Commission which, as I have already said, had theretofore been created. The function to be exercised by the Commission with reference to workmen's compensation insurance was practically identical with the functions which theretofore it exercised in relation to fire insurance.⁹

⁷Ibid.

⁸Ibid.

⁹Ibid., p. 4.

In 1927, the Legislature passed our present automobile insurance laws and gave to the Insurance Commissioner the power to approve or disapprove rates which were filed by the various carriers and to promulgate uniform policy forms. It thus transpired that, while the duties with reference to automobile insurance were not identical with those theretofore created as regards fire and compensation insurance, to practical effect the State Fire Commission and the Insurance Commissioner were given very liberal powers in the matter of the promulgation of policy forms and the control of premium rates for fire, workmen's compensation, and automobile insurance.¹⁰

Board of Commissioners

In 1927, the 40th Legislature created the Board of Insurance Commissioners. As a matter of fact, or as a matter of statute, the Department of Insurance and the State Fire Insurance Commissions had operated as two separate and distinct divisions of the State government. It is obvious, however, that the two divisions should be merely parts of the same unit.¹¹

Present Status of the Commissioners

The Board of Insurance Commissioners is composed of three men who are appointed by the Governor with the advice and consent of the Senate. One of these members is known as the life insurance commissioner, and who is also the Chairman of the Board; another serves as a fire insurance commissioner, and still another is the casualty insurance commissioner.¹² This

¹⁰Ibid., p. 5.

¹¹Ibid.

¹²R. L. Daniel, R. G. Waters, and Marvin Hall, Insurance Laws of Texas, p. 1.

setup, designed for the purpose of operating the insurance business in the State, is unique in the insurance legislation of the country. Texas is the only State in the Union that has a triplicity of this kind. After tracing the history and evolution of the system of commissioners, the reason for the arrangement is better understood.¹³

Terms of Office

When the initial terms of the three respective members have expired, their regular terms begin and thereafter run for a period of six years in order that each membership of the Board shall expire every two years. The governor has the power to fill by appointment, with the advice and consent of the Senate, vacancies that might occur in any office during any term. This appointment shall run only to the end of the unexpired term.¹⁴

General Insurance Duties of Commissioners

The Life Insurance Commissioner generally has supervision of matters to life insurance, that is, the chartering of companies, certifying authorities, and handling the solvency of persons and corporations engaged in the insurance business. The Fire Insurance Commissioner supervises matters that relate

¹³R. B. Cousins, (Typewritten Report) "The Evolution of the Texas Department of Insurance", p. 1.

¹⁴R. L. Daniel, R. G. Waters, and Marvin Hall, Insurance Laws of Texas, p. 1.

to Fire Insurance, and the Casualty Commissioner attends to matters relating to casualty, workmen's compensation, fidelity, guaranty, and miscellaneous insurance. Because of the close relation of the powers and duties of the Board there must be cooperation. The Board, therefore, operates as a whole, and a majority vote of members is necessary to official action.¹⁵

Commissioners Bonded

It is required that each member of the Board of Insurance Commissioners be bonded by the State of Texas before entering the duties of office. The amount of this bond is \$5,000, to be approved by the Governor. The amount of compensation to be paid the Commissioners is determined by the appropriation bills. It is understood that nothing in these appropriation bills affect the duties imposed by law on the Industrial Accident Board, and neither do these appropriation bills take from the Board the right to perform the duties levied on the Board by law.¹⁶

Appointment of Clerks

The commissioner may appoint a chief clerk and such other clerks as the work of his office may require. All clerks may be removed at the option of the commissioner. The chief clerk has the legal right to possess all the power and perform all the duties of the office of Commissioner during such time as the commissioner may be unable to act from any cause. Before entering upon his duties, the chief clerk is required by the

¹⁵Ibid., p. 2.

¹⁶Ibid.

commissioner to take oath of office. He may also at the option of the commissioner for the faithful performance of duties while acting in the absence of the commissioner. The commissioner is in turn responsible for the acts of his chief clerk.¹⁷

Ineligibility of Certain Persons

Only an insured person may be a commissioner or a clerk, and no person who is connected in any way, directly or indirectly, may be a commissioner or a clerk.¹⁸

Specific Insurance Duties of Commissioners

In addition to the general duties of the commissioner, he shall perform certain specific duties:

1. He shall see to it that all laws relating to insurance and insurance companies are faithfully executed.

2. He shall file and preserve in their respective offices all acts or articles of incorporation of insurance companies and all other papers required by law to be deposited with them, and, upon application of any party interested therein, to furnish certified copies upon payment of the fees fixed by law.

3. On the thirty-first day of December, he shall calculate the net value of the previous year's policies in force in each life or health insurance company doing business in the State. These calculations are made in the manner prescribed by law.

4. He shall determine whether or not the company has in safe securities the amount of the net value of all its policies,

¹⁷Ibid.

¹⁸Ibid.

after all debts and claims against such policies have been provided for. He also sees that at least one hundred thousand dollars of surplus to policyholders have been provided for.

5. The acceptance of the valuation made by the insurance commissioner of another state is made only when such valuation has been calculated properly on a sound, recognized, legal basis.

6. He requires insurance companies (in the state) that were organized through the influence of another state to furnish certificates. If such insurance is required to make a detailed list of policies and securities to the commissioners, and is also held reliable for all charges and expenses resulting from such failure.

7. For every fire insurance company operating in the State, the commissioner shall calculate the reinsurance reserve for unexpired fire risks by taking fifty per cent of the premiums received on all unexpired risks that have less than one year to run, and a prorata of all premiums received on risks that have more than one year to run. If the reinsurance reserve is less than forty per cent of all premiums received during the year the reinsurance reserve in this case is considered the whole of the premiums received on all its unexpired risks, on every company transacting any kind of insurance business in this state.

8. If the capital stock of the insurance company is found to be impaired to the extent of twenty per cent, notice shall

be given to the company to replenish its capital stock within sixty days. If this is not done, the commissioner shall require the company to discontinue operation within this State. If the company is organized under authority of the State, immediate legal proceedings are instituted to determine what shall be done further in the case.

9. The commissioner shall publish the results of his examinations of the affairs of any company whenever he deems such publication to be of interest to the public.

10. The commissioner shall suspend the business of any insurance company of the State, or within the State, for its failure to comply with any provision of the laws relative to insurance, or when a business is fraudulently conducted. He may give a company ten days' notice in writing of intent to suspend its business or revoke the certificate of authority, stating specifically the reason for such action.

11. He reports promptly and in detail to the Attorney-General any violation of law relating to any insurance company or the business of insurance.

12. He furnishes the necessary blank forms to the companies required to submit reports.

13. He keeps in a permanent form a complete record of proceedings and a complete statement of the financial status of each company or agency visited or examined.

14. Upon the request of any person, provided payment of legal fee has been made, the commissioner shall give a certified

copy of any record or papers in his office, if he deems it to be of public interest.

15. The commissioner shall furnish annually a report of the governors, listing the names and compensations of his clerks, the receipts and expenses of his department for the year, the official acts, the financial status of companies conducting business in the State, and any other information that might be necessary.

16. He sees that no company in the State is permitted to engage in any type of insurance business for which its charter does not include.¹⁹

Authority, Powers, Rights, and Privileges of Commissioners

1. The Board of Insurance Commissioners, hereinafter called commissioner has the sole and exclusive power and authority to determine, prescribe, fix, and promulgate just, reasonable, and adequate premium rates to be charged and collected by all insurance companies writing any form of insurance on motor vehicles in the State of Texas, including fleet or other rating plan, designed to decrease losses incurred by fire and theft and other hazards such as accidents and wrecks. The commissioner has the authority to alter or amend any and all rates of premiums determined, fixed, and adopted by it, also to increase or decrease such rates of premiums. He has the authority to hire and employ clerical help, inspectors,

¹⁹Ibid., pp. 3-4.

experts, and other assistants, and to incur any other expenses that he may think necessary to carry out the provisions necessary to his office. He must ascertain and maintain a record of the annual insurance losses encountered under all policies or motor vehicles in the State. The Board is authorized to ascertain the amount of premiums on all policies for each class or type of risk, and also to maintain an adequate and permanent record so as to aid in determining reasonable and adequate rates.²⁰

2. It is well that the commissioner take into consideration just what the experiences have been in other territories broad enough to include the varying conditions of the risks, hazards, and liabilities involved and assumed. The experiences of the territories should have been over a period long enough to aid in determining and fixing rates reasonably and adequately. The commissioner has the privilege of consulting any rate-making organization or association if he so desires or deems it necessary.²¹

3. The commissioner is empowered to require insurers to show their experiences on any classification of risks and any other information that may be helpful in determining and fixing proper classifications and rates, duties, or powers authorized by law. The commissioner has the power to prescribe the particular forms for such statements and reports. These

²⁰ibid., pp. 4-5.

²¹ibid., p. 6.

forms and reports should be consistent with those used by other states so as to maintain the uniformity of statistics as nearly as possible.²²

4. The commissioner is also empowered to prescribe policy forms, and no insurer shall use any other form in writing automobile insurance in this State, unless, however, another form is approved by the commissioner. Any contract or agreement not incorporated in the policy is void. Failure to incorporate contracts and agreements such as are necessary to the policyholder's understanding shall be considered sufficient cause to revoke the license of the insurer to write automobile insurance in the State of Texas.²³

5. The commissioner is empowered to make reasonable rules and regulations not inconsistent with the insurance laws. He has full power and control over any administrative agencies and stamping offices that may be instituted by an insurer.²⁴

6. The commissioner is authorized to allow any policyholder or insurer the right of a hearing in case of any grievance that may occur as a result of the approval or disapproval by the commissioner or any classification, rate, or policy form. The commissioner has authority to set a date for such hearing, and must notify all parties concerned as to the date, time, and place. The date shall not be less than ten nor more than thirty days after the date stated in the notification, unless, however, agreed otherwise by those at interest.²⁵

²²Ibid., p. 6-7.

²³Ibid., p. 7.

²⁴Ibid., p. 8.

²⁵Ibid.

7. The commissioner is authorized and empowered by the governor of the State to promulgate such rules and regulations as he may judge necessary to stabilize the payment of premiums to insurance companies. The Board also has authority to protect the interests of policy-holders by preventing the cancellation of policies for failure to make payments due, upon such conditions as the Board may consider reasonable.²⁶

8. The commissioner is authorized and empowered to make any changes in the forms of the annual statements required of insurance companies of any kind, if in his opinion, such changes shall give a true or more concise exhibit of their conditions and procedure of transacting business.²⁷

9. The commissioner is authorized to demand any person, who can give certain needed information, to appear and testify. If said person refuses, the commissioner may file a sworn statement with any district judge or district court with the State of Texas, where the person or witness is summoned to appear and answer such questions as may be required.²⁸

10. In case the Board of Insurance Commissioners are fully convinced that any insurance carrier applying for a certificate of authority has fully complied with the law, the Board may issue to the carrier a certificate of authority under the proper seal, authorizing the carrier to operate and transact insurance business within the State of Texas.²⁹

²⁶Ibid.

²⁷Ibid., p. 10.

²⁸Ibid.

²⁹Ibid., p. 12.

11. The Chairman of the Board of Insurance Commissioners is empowered to visit once every two years, or more often if necessary, each insurance company organized to do business in the State of Texas. Such visits may be personally or jointly for the express purpose of examining the financial conditions and the books and records of the company.³⁰

12. All moneys collected by the Board of Commissioners, or under its authority, on account of the cost of examinations shall be paid into the State Treasury to the credit of the Insurance Examination Fund; and all salaries of examiners and assistants shall be paid out of the State Treasury upon recommendation of the Chairman of the Board of Insurance Commissioners.³¹

13. The Chairman of the Board of Insurance Commissioners shall appoint all examiners and assistants, one of whom shall be chief examiner. The number of assistants appointed will depend on the size of the job and the nature of the work in which they shall be engaged. The insurance companies examined are required by the State to stand the expenses accordingly.³²

14. The actuary to the Board of Insurance Commissioners nor any examiner or assistant shall accept from any insurance company any pay or compensation because of any service rendered. In addition to this, each examiner and assistant shall be required by the commissioner to make bond. The sum of the

³⁰Ibid.

³¹Ibid., p. 13.

³²Ibid.

examiner's bond shall be not in excess of \$10,000, and that of each assistant shall not exceed \$5,000. In the event any examiner or assistant should knowingly make any false statement or render any false report relative to any company, firm, or person examined, that company, firm, or person may have the right of legal action on the bond for its injuries.³³

15. The commissioner is authorized to communicate in writing with any insurance company in regard to its business or condition for the public benefit or for the proper discharge of his duties. It shall be the duty of the insurance company to reply promptly to such inquiries. The commissioner is authorized to tabulate the information in the annual statement in printed form and submit it to the Legislature.³⁴

³³Ibid., p. 14.

³⁴Ibid., p. 16.

CHAPTER III

LAWS AND THEIR ADMINISTRATION

For the Year Ending August 31, 1928

Because of the casualty nature of automobile insurance, the responsibility of the detailed administration of the automobile insurance law has fallen on the casualty commissioner and the employees since the organization of this division in August, 1927. The automobile insurance law required that all insurance companies file their manuals of rates, rules, and classifications on or before September 13, 1927. The Board of Insurance Commissioners had a two-day hearing in October, 1927, to which the insurance companies and the general public were invited. The Board temporarily approved the manuals prepared by the insurance companies. The Board considered the rates filed by the insurance companies excessive, and at the close of the year collision rates were reduced thirty per cent. The Board also reduced fire and theft rates twenty per cent and the property damages twenty per cent.¹

For the Year Ending August 31, 1939

The Board of Insurance Commissioners made a detailed study of the laws, office forces, and equipment of the Insurance

¹R. B. Cousins, T. M. Campbell, and W. S. Pope, Fifty-third Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1928, p. 18.

Commissions of other states. Some difficulty has been encountered in the comparison of the Texas Automobile Insurance laws and the situation of Texas with those of other states of the Union. Seven months of this year passed without appropriation and the other five months with an adequate office force because of a lack of foundation to begin with.²

The first task launched upon in April was to secure office equipment and supplies so as to administer the automobile insurance laws without any confusion and inefficiency. The second work undertaken was to republish all the automobile manuals to show all the rates, classifications, rules, and interpretations approved by the Board of Insurance Commissioners. By June, 1929, the republishing had been completed. Approximately 4,500 agents writing automobile insurance immediately received manuals.³

Additional background work of automobile insurance administration has been studied in detail with especial reference to the adoption of statistical experience blanks for gathering the experience of the various companies writing automobile insurance in the State of Texas. Much thought and study have been given to plans for servicing the public promptly and equitably with interpretations of the manuals. The public

²W. A. Tarver, J. W. DeWeese, and W. S. Pope, Fifty-fourth Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1929, p. 18.

³Ibid.

has also been serviced with notifications of the approval of new car rates. The interpretations and notifications of rates have been recorded, filed and indexed for ready reference.⁴

Automobile insurance in Texas has been permitted to continue requirements made by the department without annoyance or red tape. Practical effort has been made to administer the laws equitably and justly and to the entire insurance public.⁵

For the Year Ending August 31, 1930

Another immense field of casualty insurance supervision is the motor vehicle insurance. This type of insurance includes all fire and casualty coverages. Because of the motor vehicle, the insurance company is subjected to the widest range of hazards of any type of insurance. The motor vehicle is subject to the perils of fire, explosion, and marine hazards. It is subject also to hazards due to the carelessness of every nature that is exercised by the driver. The motor vehicle is subject to the dangers encountered on the premises where it is parked or garaged and to the highway. These moral hazards naturally cause automobile insurance to come high when compared to the value of the vehicle insured and the object insured under other forms of insurance.⁶

⁴Ibid., p. 19.

⁵Ibid.

⁶W. A. Tarver, J. W. DeWeese, and W. S. Pope, Fifty-fifth Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1930, p. 43.

The laws applicable to motor vehicle insurance rates differ from both compensation rate laws and fire insurance rate laws in that the insurance companies writing motor vehicle insurance in Texas have been required to file their classifications of risks and hazards and their proposed rates. It is the duty of the Board of Insurance Commissioners to approve or disapprove the rates filed. After the Board has approved these rates they become fixed rates, and every company that writes a classification of risks on motor vehicles in the State of Texas must apply the approved rate. The automobile insurance law provides that any citizen aggrieved by the Board's order of approving the classifications of risks and rates has a right of hearing, and the Board will grant this hearing in consideration of the filed grievance and give the relief warranted.⁷

The Casualty Insurance Division has encountered many problems in the administration of the automobile insurance law. The companies have filed various plans and have urged that they be put into effect. The duty and task of gathering statistical data on automobile insurance experience is one of timely importance for the purpose of determining adequate and reasonable rates.⁸

On October 29, 1929, a public hearing was called, at which, seventeen subjects germane to automobile insurance were

brought before the Board. On November 15, an order was given containing the conclusions of the Board on the business discussed at the hearing.⁹

Among the various subjects presented at the hearing were the statistical blanks which were proposed for collecting data relating to the experience on automobile insurance. Two sets of blanks were adopted, one set for companies writing casualty insurance and one for those writing fire insurance. On November 27, 1929, blanks were mailed to approximately 300 fire insurance companies, 85 casualty insurance companies, and 115 five-point companies--the companies writing both fire and casualty lines. The blanks were executed and returned with an affidavit of their correctness. Quite a detailed study and much thought were given to the data maintained by the companies and statistics were gathered combining the experiences of all companies writing automobile insurance. As a result of these data, the Casualty Division was tellingly convinced that the fire rates in force were, in general, too high and the casualty rates inadequate. The various companies were then requested by the Casualty Division to file both fire and casualty rates consistently with the data gathered. On June 26, 1930, a system of filing was set up and based on the experience shown by these data. This filing consisted of the Automobile Fire and Casualty Manuals. By reading these manuals it is evident that the inauguration of experience and merit rating plans for

⁹Ibid., p. 44.

automobile dealers and garages is contemplated. A rating plan for fleets for public liability and property damage and a fleet rating plan for fire and theft is anticipated. These plans are authorized in the Automobile Insurance Law. It is hoped that this plan is the best means of promoting safety by reducing the number of moral hazards and thus preventing accidents to lives and property of drivers. This also prevents, or at least reduces, economic waste often occasioned by fire and theft. Any plan that might tend to reduce the "moral hazard" may ultimately reduce automobile insurance cost to the public.¹⁰

Collections and Appropriations

Up to this time the duties and powers delegated to the Casualty Division have not included the collection of any taxes or fees, except the fees collected by the Division for furnishing extra copies of data relating to rates, certificates of fact pertaining to the records of the office, and photostatic copies of policies, and application for insurance. According to record, the total amount of fees collected during the fiscal year ending August 31, 1930, was \$1,647.50. These fees are authorized under Automobile Insurance Law.¹¹

The regular appropriations for the year closing August 31, 1930, were as follows:

¹⁰Ibid.

¹¹Ibid., p. 45.

For automobiles:

Salaries.....	\$ 9,900.00
General Maintenance.....	<u>4,320.00</u>
	14,220.00

The unused portion for salaries, approximately.....	\$ 598.75
General Maintenance.....	<u>2,212.03</u>
	2,810.78 ¹²

Because of an unavoidable delay in getting into operation the experience rating, merit rating, and fleet rating plans provided for by the Automobile Insurance Law, the automobile appropriation was not entirely used. These plans were in operation only ten months during the 1930-31 year. It was doubtful during this period that whether the annual appropriation would be sufficient to administer the Division adequately when the entire law had been put into operation for the entire year. The law provides that automobile insurance shall be as nearly uniform with that of other states in statistical blanks and rules as possible.¹³

The fact that it was the duty of the companies to service the Manuals to their agents on the lines of Casualty Insurance they wrote in Texas before State regulations has enabled us to accomplish successfully the above plan by furnishing to only the home office of companies the promulgated classifications of risks and premium rates and rules in workmen's compensation, and the approved classifications of risks and premium rates in automobile insurance. They have furnished us, after they have printed same, the first run copies of the Manual from the press for servicing same as notice to all the many insurance carriers writing compensation and automobile insurance in Texas.¹⁴

¹²Ibid.

¹³Ibid., p. 46.

¹⁴Ibid.

For the Year Ending August 31, 1931

In accordance with the experience of the companies writing automobile insurance in Texas, the revised manuals provided for a reduction in most of the fire and theft rates on private passenger automobiles and on part of the public liability and property damage not under the supervision of the Railroad Commission. The revised manuals also provided for an increase in the public liability and property damage rates on commercial automobiles. The revision of the manual rates is carefully considered by the respective companies and is presented to the Casualty Insurance Division where it is checked, approved, or disapproved, according to its accuracy.¹⁵

Questions and problems arose every day which had to be decided by the employees of the Automobile Insurance Division. Among these problems are eligibility of fleets for rating, connection between assureds, application for rates approved, and questions and problems of similar nature.¹⁶

During the period of 1930-31, the inauguration of the plan was slow, but the department approved 847 special rates. The work is evidenced by the table as follows:

¹⁵W. A. Tarver, J. W. DeWeese, and W. S. Pope, Fifty-sixth Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1931, p. 48.

¹⁶Ibid., p. 49.

TABLE 1

FLEET RATINGS APPROVED NOVEMBER 10, 1930
TO AUGUST 1, 1931*

Month	P. L. & P. D.	P. D.	Fire & Theft	Merit & Exp.	Merit Rates	Avg. Dlrs.	Disap- provals
November	2	1	2	..	2	2	10
December	12	1	7	3	..	5	20
January	31	5	22	10	1	25	21
February	23	4	15	11	..	33	29
March	31	4	22	10	2	35	30
April	39	4	21	9	1	37	32
May	58	2	31	12	3	34	25
June	29	3	16	7	1	28	20
July	35	3	23	12	1	22	31
August	44	4	17	15	..	15	34
Total	304	31	176	89	11	236	252

*Source: W. A. Tarver, J. W. Deweese, and W. S. Pope, Fifty-sixth Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1931, p. 48.

Much time and study have been devoted to the matter of the uniform policy, including the collecting of policies written by all insurance companies as well as those used in other states. An extensive study was made also of the decisions made by the courts on the construction of policy forms.¹⁷

Collections and Appropriations

During the fiscal year ending August 31, 1931, the total fees collected amounted to \$1,456.25.

¹⁷Ibid., p. 50.

The regular appropriations during this period were as follows:

For Automobiles:

Salaries.....	\$ 9,900.00
General Maintenance.....	4,320.00
	<u>14,220.00</u>

The used portion returned to the Treasury for salaries,

approximately.....	\$ 28.28
General Maintenance.....	2,363.45 ¹⁸
	<u>2,391.73</u>

The above amounts which are listed as unused portion of the appropriation were arrived at by deducting the bills outstanding, and it should be the approximate final amount that reverts to the general fund. Few transfers were made between the General Maintenance appropriation in obtaining the above balances. During this period, not all of the automobile appropriation was used because of the still unavoidable delay in getting into operation the experience rating, merit rating, and fleet rating plans provided for by the Automobile Insurance Law.¹⁹

The various companies writing insurance received approximately \$11,310,765.00 in premiums during this period and paid out losses, embracing compensation to injured employees and medical treatment and hospitalization the amount of \$7,501,898.00. Of these amounts, Texas companies alone collected \$4,519,659.00 and paid in losses the amount of \$2,910,259.00.²⁰

¹⁸Ibid., pp. 50-51. ¹⁹Ibid., p. 51. ²⁰Ibid.

At this time approximately ninety-four insurance carriers wrote automobile insurance in Texas, issuing the casualty coverage policies. There were approximately 215 insurance companies that wrote fire coverages on motor vehicles of various types and kinds.²¹

It is obvious from experience that the Casualty Division and Board of Insurance Commissioners have encountered difficult responsibilities in determining just, reasonable, and adequate rates which were not, and have not been, confiscatory to any class of carriers. It is evident also that the field of casualty insurance is growing and expanding tremendously from year to year.²²

For the Year Ending August 31, 1932

The Board of Insurance Commissioners have the power to approve classifications of risks and premium rates filed by insurance carriers, provided such rates are just, reasonable, and adequate for the risks to which they apply. The Board of Insurance Commissioners also have the right to withdraw its approval of any rate if it is found to be unjust, unreasonable, or inadequate.²³

The Board of Commissioners has required sworn statements from all carriers who write automobile insurance in Texas.

²¹Ibid.

²²Ibid.

²³W. A. Tarver, R. S. Mauk, and W. S. Pope, Fifty-seventh Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1932, p. 40.

These sworn statements show the nature of the carriers' experience on all classification of risks and any other information that may be deemed necessary or useful in determining the proper classifications and rates. The information required of the carriers shows the number of automobiles insured, the amount of premiums collected, the number and amount of losses paid as well as those outstanding, and the number of claims of each of the carriers. The department of automobile insurance is combined in such a way as to study, combine, and analyze all information in order to test the reasonableness and adequacy of rates approved by the Board of Insurance Commissioners, or that may be filed with the insurance carriers.²⁴

On May 9, 1932, a large number of insurance carriers joined in the filing of amendments to the present fire and casualty manuals. Many changes and revision of the manual were recommended and proposed in the filings. Certain fire and casualty rates were increased, such rates being based on the data collected by the Board of Insurance Commissioners. The data showed that the fire rate in few territories was totally inadequate, and in certain other territories a slight reduction was indicated. The data also showed that a larger portion of the casualty rates were inadequate.²⁵

On May 26, 1932, a public hearing was called for the express purpose of considering the filings made by the insurance

²⁴Ibid.

²⁵Ibid.

carriers. The meeting lasted through May 27, on which day the Board of Commissioners announced a disapproval of the rate changes that were filed. The insurance carrier filed another schedule of rates on May 30. The level of these rates was much lower than the rates formerly filed and disapproved by the Board of Commissioners. On June 1 and 2, a hearing was called relating to the latter filings. Various carriers and classes of assureds were present to discuss the recommended changes. A further study of these latter rates and manual changes was made, and just before the close of the fiscal year, they were approved and made effective. The rates and rules approved were considered just, reasonable, and adequate as was demonstrated by the fact that the Board of Commissioners had very little complaint from the buyers of insurance or the carriers selling insurance.²⁶

Besides the continuous work of the department on rate revisions, the department continued to work on uniform policy forms for automobile, bus, truck, and other motor vehicle insurance coverages which, after they had been approved by the Board, were used by all insurance carriers writing insurance in the State of Texas. This type of insurance coverage is so broad that many definite policy provisions and endorsements have been required to cover the many types and kinds of hazards. It is learned that many legal questions are involved. Questions of law were submitted to the Attorney General who

²⁶Ibid.

took them under advisement. His conclusions had to be obtained by the department before final approval could be put on policy forms. The final adoption of the standard policy increased tremendously the work of the department.²⁷

The department of automobile insurance is and has always been available and ready to listen to the complaints of dissatisfied policyholders or assureds contracted under the automobile insurance laws. Most of the grievances are settled by personal conferences at the main office at Austin, while certain others are handled by correspondence of the Casualty Commissioner and his staff. In the same manner the different provisions of the automobile insurance law are enforced.²⁸

Experience and Fleet Rates

Many assureds affected by the experience rating plan have insisted on careful drivers for their trucks, busses, and automobiles, and have instituted different kinds of safety measures due to the fact that their individual experience had determined the insurance rate they had been paying.²⁹

It has been noted by the department that some assureds affected by the experience rating plan are insisting on careful drivers for their trucks, busses, and automobiles, and are instituting various safety measures because of the fact that their individual experience determines the insurance rate they pay. If that part of the public, operating automobile fleets, can be

²⁷ ibid.

²⁸ ibid., p. 41.

²⁹ ibid.

made safety minded, through the imposing of penalties for accidents due to careless drivers, and the use of impaired, deficient, or oversize equipment, the efforts thus put forth will be repaid in full. This is especially important as at present we have no drivers license law or other adequate automobile safety and regulatory laws for the protection of the public.³⁰

There is a prevailing tendency toward the increased number and severity of automobile accidents. This increase in number and severity of accidents on the streets and highways is appalling from both the economic and humanitarian viewpoint. This high frequency and severity is reflected by the public liability and property damage rates which are approved by the Board of Insurance Commissioners for the different risks. The ever-increasing amount that must be paid by insurance companies as compensation to the insured calls for a higher premium as well as increased rates.³¹

The compilation of the latest complete automobile insurance statistics on file at the close of the fiscal year shows that seventy-five casualty and five-point companies reported for the year ending December 31, 1930, \$1,291,250 earned premiums, and \$920,300 losses for liability; and \$616,486 earned premiums, and \$303,989 losses for property damage. For the period from September 1, 1930, to August 31, 1931, one hundred ninety-six fire and five-point companies reported \$5,094,308 premiums and \$3,152,541 losses for fire, theft, and miscellaneous coverages.³²

The volume of work done incidental to the approval of the various manual rate departures is reflected in the table below:

³⁰Ibid.

³¹Ibid., p. 42.

³²Ibid.

TABLE 2

ANALYSIS OF SPECIAL AUTOMOBILE RATE CALCULATIONS
SEPTEMBER 1, 1931, TO AUGUST 31, 1932*

Month	P. L. & P. D.	P. L.	Fire & Theft	Merit & Exp.	Merit Rates	Avg. Dlrs.	Disap- rvls.
Sept.	57	3	17	6	..	27	21
Oct.	48	2	18	9	2	23	22
Nov.	60	4	18	5	..	19	31
Dec.	63	8	23	19	3	15	33
Jan.	63	4	23	9	..	28	31
Feb.	32	3	17	7	..	26	29
Mar.	35	4	21	6	1	37	41
Apr.	46	8	22	14	2	22	28
May	40	5	21	4	..	20	26
June	46	2	24	12	3	30	24
July	43	2	14	9	2	8	28
Aug.	55	3	19	12	1	21	35
Total	593	48	237	112	14	276	349

*Source: W. A. Tarver, R. S. Mauk, and W. S. Pope, Fifty-seventh Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1932, p. 41.

Collections and Appropriations

During this period an examination was made of the department by the State Auditor and Efficiency Expert, and at the recommendation of the State Auditor, the necessary bookkeeping of the Board of Insurance Commissioners merged into a central accounting system, through which, all fees are collected and all appropriations are disbursed.³³

The fees which have originated from this division have amounted to approximately \$1,162.50 for the fiscal year ending

³³Ibid., p. 43.

August 31, 1932. This sum was handled and accounted for by the central bookkeeper and is included in the Chairman's report.³⁴

Through means of economy the Division has been able to administer the laws properly and perform efficiently the duties for which they are responsible. They have been able to return a portion of the unused appropriations to the General Revenue Fund. The State Auditor's report shows appropriations unused in the amount of \$4,687.52. A goodly portion of the money reserved for traveling expense was returned due to the fact that no one except the two inspectors have had sufficient time to do any traveling, at least that which is usually expected and required of the Division.³⁵

For the Year Ending August 31, 1933

On March 15, 1933, reprint pages to the Automobile Fire and Casualty Manuals were sent out announcing rates and classifications for the new model cars that had been manufactured since the manuals became effective, October 17, 1932. These reprints reduced the premiums on collision.³⁶

The amount of work completed in endorsing rate departures and checking daily reports is reflected in part in the following table:

³⁴Ibid.

³⁵Ibid.

³⁶R. L. Daniel, R. S. Mauk, and W. S. Pope, Fifty-eighth Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1933, p. 26.

TABLE 3

ANALYSIS OF SPECIAL AUTOMOBILE RATE CALCULATIONS
SEPTEMBER 1, 1932, TO AUGUST 31, 1933*

Month	P. L. & P. D.	P. L.	Fire & Theft	Merit & Exp.	Merit Rates	Average Dealers	Daily Rpts.	End.-ments	Disap-privs.	Can-cls.
Sept.	39	3	19	5	..	15	44	..
Oct.	37	7	17	8	..	21	4	..	23	..
Nov.	60	6	13	7	..	20	36	3	50	2
Dec.	63	9	15	9	2	24	32	53	82	..
Jan.	76	6	36	10	1	22	93	76	122	11
Feb.	44	1	21	5	..	25	77	156	93	6
Mar.	77	2	29	8	..	23	79	108	117	11
Apr.	41	1	19	5	1	20	89	183	130	7
May	58	2	20	9	..	20	75	148	106	2
June	51	2	18	9	2	14	92	354	73	12
July	47	1	12	6	..	13	101	177	131	4
Aug.	48	..	17	10	..	14	90	266	80	..
Total	641	40	235	91	6	231	768	1,524	1,056	55

*Source: R. L. Daniel, R. S. Mauk, W. S. Pope, Fifty-eighth Annual Report of the Board of Commissioners for the Year Ending August 31, 1933, p. 28.

The latest statistics on file show that from the period from January 1, 1931, to December 31, 1931, 80 casualty and five-point companies earned approximately \$1,450,000.00 in public liability premiums and paid out \$979,742 in losses, with approximately \$650,000.00 in property damage premiums and \$275,966.00 in losses. For the period from September 1, 1931 to August 31, 1932, approximately two hundred and fifty fire and five-point companies wrote approximately \$3,755,884.00 in premiums and paid out \$2,609,637.00 in losses on fire, theft, collision and miscellaneous coverages.³⁷

Collections and Appropriations

For the fiscal year ending August 31, 1933, the fees for the supplying of extra copies of rating data, certificates of fact, reflecting the records of the office, and photostatic copies of policies, applications, and other miscellaneous records on file in the office have amounted to approximately \$1,037.35.³⁸

The unused appropriations for this period amounted to approximately \$4,949.03. Due to the fact that there was none of the usually expected and required traveling done, a goodly portion of the traveling expense money was returned.³⁹

For the Year Ending August 31, 1934

On January 5, 1934, the Board of Insurance Commissioners prescribed uniform automobile policies for use in the State of Texas, consisting of Liability Policy Form, All Coverage Form, Fire and Theft Form, Combination Form, and Garage Liability Form, together with 110 endorsements

³⁷Ibid., p. 28.

³⁸Ibid.

³⁹Ibid.

which, up to the date of the order prescribing same, covered the various coverages in the field of automobile insurance. Copies of these policies and endorsements have been furnished the Home Offices of the various insurance companies writing automobile insurance in the State of Texas; and upon application they have been given to the members of the public. Ample time has been given for all parties aggrieved at any provision of the policies or endorsements to point out objectionable provisions. To date the companies have required to use them, allowing time for using up the supplies on hand, and to permit full criticism and to allow opportunity for changes in the policies where such changes, in the judgment of the Board, should be made for the best interest of the public.⁴⁰

The Texas Automobile Insurance Law provides that these policy forms be designed to protect the car owners, the public, and finance companies, with regard to the various property, inland marine, and casualty insurance coverages. An extraordinarily broad range of insurance coverages are thus involved, embracing every moral hazard to which the automobile driver is subject.⁴¹

The Board of Insurance Commissioners called a meeting on May 15, 1934, for the purpose of hearing complaints and grievances that were occasioned perhaps by the prescribing of uniform policies. The Board was requested by the various insurance carriers to extend the mandatory effective date and endorsements of the uniform policies to January 1, 1935,

⁴⁰R. L. Daniel, R. S. Mauk, and W. S. Pope, Fifty-ninth Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1934, p. 22.

⁴¹Ibid.

in the hope of ultimately securing the nation-wide use of the Texas policy forms. It was pointed out that recent court decisions and other motor vehicle insurance demands commanded some modifications and changes. It was also pointed out that the broadening and liberalizing of certain provisions and their arrangement, consistent with the Texas law requirements would permit the nation-wide use of the policy forms. Among these announcements, it was again pointed out that the American Bar Association's insurance committee was much interested in the verbiage of the Public Liability Policies. Accordingly, the compulsory effective date of the policies was postponed.⁴²

It was thought by members of the Board that unless standard policy forms were adopted, competition in lieu of public interest would be the controlling factor in policy wording and provisions. It was obvious that policy wording and provisions should not be the subject of competition, but that financial responsibility and service alone would be the competing factors between insurance companies in the automobile insurance business. Technically worded policies, as was announced in the case of Paul vs. Virginia

....are not subjects of trade and barter offered in the market as something having an existence and value independent of the parties to them. They are not commodities to be shipped or forwarded from one state to another and then put up for sale.⁴³

⁴²Ibid.

⁴³Ibid., p. 23.

Policies are very seldom read by the average layman simply because they are technical contracts. Instead of employing a competent lawyer to give him advice on the policy and interpretations of the coverages afforded by it, he takes it on good faith. Such a wide and vital contractual need calls for uniformity of contractual expression with the same force that substantive law calls for uniformity of expression.⁴⁴

The use of different policies in the same or different states makes for confusion in the matter of claim settlement and court decisions, while on the other hand, the use of a uniform standard policy will lend itself effectively to the uniformity of court decisions and to legislation. The Texas Automobile Insurance Law and Uniform Standard Policy work afford a good beginning point for the use of the nation-wide uniform standard policy for two reasons:

(1) The territorial limits of Texas are so great and its economic and industrial life so varied that no material problem of the passenger car, bus, oil field or commercial truck can arise elsewhere without a parallel in Texas.

(2) The Texas Automobile Insurance Law Administrative Staff affords a flexible agency for the study and change of a policy form to meet new motor vehicle insurance conditions as they arise.⁴⁵

The volume of work done incidental to the approval of the various rate departures is reflected in the following table:

⁴⁴Ibid.

⁴⁵Ibid.

TABLE 4
ANALYSIS OF SPECIAL AUTOMOBILE RATE CALCULATIONS
SEPTEMBER 1, 1933, TO AUGUST 31, 1934*

Month	P. L. & P. D.	P. L.	F. & T.	M. & Exp.	Merit Rates	AVG. Dirs.	Daily Rpts.	End-ments	Disap-prvls.	Cancel-lations
Sept.	34	6	15	8	3	21	58	426	115	14
Oct.	64	6	11	6	..	19	89	801	136	23
Nov.	49	7	13	10	1	16	75	380	95	36
Dec.	47	7	25	7	1	15	72	196	108	2
Jan.	59	3	42	8	1	12	121	366	103	10
Feb.	65	6	28	7	2	29	97	315	113	13
Mar.	54	3	32	7	..	23	102	480	127	11
Apr.	45	7	14	4	..	31	97	399	84	12
May	51	3	13	5	5	24	115	573	99	6
June	50	11	18	3	1	28	72	401	97	1
July	49	2	9	7	..	11	98	559	85	3
Aug.	55	6	9	12	2	23	105	533	84	14
Total	622	67	234	84	16	262	1,101	5,429	1,246	145

*Source: R. L. Daniel, R. S. Mauk, and W. S. Pope, Fifty-ninth Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1934, p. 24.

The Automobile Administrative Staff worked diligently with Mr. W. S. Pope, Casualty Insurance Commissioner, on the fourth automobile insurance manual revision and the third general rate revision. The fire and casualty manuals were greatly simplified and were changed to loose-leaf form in order that the automobile insurance law and all manual provisions would be embodied in one volume. The revision of manuals and the prescribed uniform policy greatly stabilized the automobile insurance business in Texas. They have also done much toward simplifying and vitalizing the administration of the automobile insurance law.⁴⁶

Collections and Appropriations

The fees collected by this Division for the supplying of extra copies of rating data, certificates of fact, photostatic copies of policies, applications, and other records on file in the office have amounted to approximately \$837.50 for the fiscal year. This amount appears in the Chairman's report and was handled by the central bookkeeping system. As in the years past, the Division has been able, by strict economy, to perform the usual duties imposed upon it. A goodly portion of the traveling expense money was returned due to the fact that the usually required traveling was not done because the Division was too busy on the study of classification and rates and the difficulties arising out of the

⁴⁶Ibid.

unusually stringent conditions and the study in regard to the adoption of the uniform automobile policy.⁴⁷

For the Year Ending August 31, 1935.

During the fiscal year, ending August 31, 1935, the Board put into effect the requirement under the Automobile Insurance Law, by approving uniform standard automobile policies and endorsements. The standard forms went into effect on July 1, 1935. It was deemed necessary to approve eight policy forms and one hundred and forty-five endorsement forms to provide coverage for all of the hazards to which automobile ownership was subject. The forms are similar to those used nation-wide, and it is hoped that as objections are met, the forms will be adopted by all states. All insurance carriers operating in Texas are required to use the prescribed forms. The only exception to this rule is in the case of endorsements necessitated by the different plans on which the different kinds of insurance operate.⁴⁸

A hearing was called on January 24, 1935, at which time an increase of approximately 18 per cent was approved for bodily injury insurance rates on commercial automobiles operated in the "Remainder of the State" territory. For truckmen hauling over routes more than fifty miles long, a surcharge of 25 per cent of bodily injury rates was approved.⁴⁹

⁴⁷Ibid., p. 25.

⁴⁸R. L. Daniel, R. G. Waters, and R. S. Mauk, Sixtieth Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1935, p. 24.

⁴⁹Ibid., pp. 24-25.

The counties of Smith, Upshur, Gregg, Rusk, and Cherokee, comprising the East Texas Oil Field, and the Counties of Cameron, Hidalgo, Starr, and Willacy, comprising the Rio Grande Valley territory were changed from "Remainder of the State" territory to Territory II, increasing all bodily injury and property damage rates in these counties. No other changes were approved affecting the casualty rates on private passenger automobiles, but the rate level on private passenger fire rates was reduced approximately 50% in Dallas, Fort Worth, Houston, El Paso, and San Antonio; 25% in Amarillo, Austin, Beaumont, Galveston, Port Arthur, Texarkana, and Wichita Falls; and 10% in the remainder of the State.⁵⁰

The appalling increase in automobile accidents has resulted in a necessary increase in bodily injury and property damage rates. The insurance carriers report each year a tremendous increase in the number of accidents per car insured and cost per claim. It is an obvious and well known fact to the public that automobile accidents have increased at a rapid rate, and it is logical to believe that the economic losses alone would justify the passage of regulatory laws. Courses in safety education are being taught in the public schools and a few colleges, and this should do much to remedy the situation. Beyond doubt, a stricter enforcement of laws and the prevention of physical and mental incompetents from driving motor vehicles will do much to prevent a goodly number of accidents. Consequently, the public will become safety-minded.⁵¹

The work done in handling policies and endorsements and approving special rate departures for fleets and garages is reflected in the following table:

⁵⁰Ibid., p. 25.

⁵¹Ibid.

TABLE 5
 ANALYSIS OF SPECIAL AUTOMOBILE RATE CALCULATIONS
 SEPTEMBER 1, 1934, TO AUGUST 31, 1935*

Month	P. L. & P. D.	P. L.	F. & T.	M & E	M. R.	AVG. Dirs.	Daily Repts.	End. ments	Disap- pryls.	Cancel- lations
Sept.	38	7	19	3	..	24	75	322	86	35
Oct.	25	5	15	8	7	21	95	401	72	14
Nov.	52	7	25	4	1	24	58	348	38	14
Dec.	47	8	20	10	2	18	50	271	59	13
Jan.	60	12	39	14	4	29	112	415	91	29
Feb.	60	2	23	7	2	26	93	417	73	7
Mar.	50	5	46	6	1	20	82	487	53	9
Apr.	66	8	27	3	3	32	114	651	75	17
May	43	9	18	9	1	45	83	425	39	23
June	43	7	19	12	2	31	91	433	41	12
July	27	6	10	8	1	16	99	649	116	8
Aug.	27	..	4	4	1	11	82	466	95	13
Total	538	76	265	88	25	297	1,034	5,258	843	199

*Source: R. L. Daniel, R. G. Waters, and R. S. Meuk, Sixty-first Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1936, p. 26.

For the Year Ending August 31, 1936

During this period no change was made in any of the policy forms, but the various moral hazards incident to certain forms of automobile insurance has made it necessary to amend some of the endorsement forms and approve certain others. Thirteen endorsement forms were amended, and twelve new endorsement forms were approved. At present there are in effect in Texas eight policy forms and one hundred sixty-two endorsement forms for insuring the different hazards to the operation of automobiles.⁵²

On July 23, 1936, a request was made by certain insurance carriers that an increase in Bodily Injury Liability rates be effected. This increase was requested to apply on private passenger and commercial type automobiles. The request for the increase on the private passenger type automobiles was 20.2 per cent. The request made for Commercial type automobiles was an increase of 43.9 per cent in Territory I, 54.2 per cent in Territory II, and 30.8 per cent in Territory III.⁵³

A filing was made on August 7, 1936, by certain other insurance carriers for a general revision of the Fire, Theft, and collision manual rates and rules. The latter filing contemplates a reduction in the minimum premium applicable to fire and theft coverages of approximately 20 per

⁵²R. L. Daniel, R. G. Waters, and R. S. Mauk, Sixty-first Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1936, p. 23.

⁵³Ibid.

cent. An application was made for an increase ranging from 25 per cent to 33 per cent on \$50 Deductible Collision insurance on private passenger and commercial type automobiles. An application was made for the consideration of the Board of Insurance Commissioners of the Comprehensive Form of automobile insurance. This form of coverage is now used in several states and its adoption for use in Texas has been urgently requested.⁵⁴

On August 18, 1936, all the questions brought before the Board of Insurance Commissioners by the carriers were discussed in an informal manner. The proposed increase was protested vigorously at the meeting by certain individuals who represented various purchasers of automobile insurance. All protestants were given twenty days from the date of the discussion in which to file controverting evidence. The Board checked meticulously all the information filed by the carriers in support of their application and the controverting evidence filed by those opposing the increase.⁵⁵

The work done in handling policies and endorsements and approving special rate departures for fleets and garages is reflected in the following table:

⁵⁴R. L. Daniel, R. G. Waters, and R. S. Mauk, Sixty-first Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1936, p. 23.

⁵⁵Ibid.

TABLE 6
 ANALYSIS OF SPECIAL AUTOMOBILE RATE CALCULATIONS
 SEPTEMBER 1, 1935, TO AUGUST 31, 1936*

Month	B. I. & P. D.	B. I.	F. & T. R.	M. & E.	Merit	Avg. Dirs.	Daily Rpts.	End. ments	Dis- appvls.	Can- cels.	Form ula A
Sept.	71	8	17	9	1	35	79	463	129	7	1
Oct.	43	..	21	16	..	25	226	622	213	18	1
Nov.	61	11	20	11	..	37	109	619	121	22	..
Dec.	69	12	24	13	2	29	107	440	102	25	..
Jan.	64	5	42	24	3	45	173	614	176	43	1
Feb.	59	2	26	10	1	40	151	632	149	31	1
Mar.	56	1	36	16	1	37	131	487	130	14	2
Apr.	70	1	35	14	1	44	216	612	183	36	1
May	55	2	37	13	2	40	240	668	150	22	..
June	45	4	22	10	..	46	118	493	102	17	..
July	67	4	17	8	1	40	258	646	233	33	..
Aug.	36	3	19	7	..	30	175	590	191	47	..
Total	696	53	318	151	12	443	1,983	6,385	1,879	315	7

*Source: R. L. Daniel, R. G. Waters, and R. S. Mauk, Sixty-first Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1936, p. 24.

For the Year Ending August 31, 1937

During this period, much time and study was devoted to the policy and endorsement forms deemed necessary to cover adequately all the hazards of the operation of automobiles.⁵⁶

This Department has endeavored to prescribe forms that will adequately cover the public for all of the varying conditions under which the automobile must be used. Some of our forms that were heretofore approved had been found to be ineffective, and for that reason, we have during the past year, amended twenty-two different endorsement forms. The Board has also prescribed twenty-eight new endorsement forms to cover additional hazards that were heretofore not clearly covered by the policy contract. Court decisions rendered in connection with automobile claims and the complexity of the hazards involved in the operation of automobiles make it necessary that much time and study be devoted to the policy and endorsement forms in order to give the public uniform and adequate protection for each emergency.⁵⁷

On July 23, 1936, application was filed by certain insurance carriers for an increase in the Bodily Injury Liability rates on private passenger type automobiles in the amount of 20.2 per cent. Following this application, the Board made an investigation in the home offices, branch offices, and general agencies of approximately eleven or twelve companies that were writing a goodly portion of the liability insurance covering commercial automobiles in Texas. This investigation was made particularly on Class 4, commercial type automobiles. The investigation revealed that 34

⁵⁶R. L. Daniel, R. G. Waters, and Marvin Hall, Sixty-second Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1937, p. 29.

⁵⁷Ibid.

per cent of the total number of cars written were incorrectly rated according to the rules of the Automobile Manual. This erroneous rating resulted in a deficiency of 19 per cent of the total collected premiums that companies should have collected on this particular class of transaction. After the investigation was made and the results of the incorrect rating were analyzed, the Board rejected the application of the companies for an increase in the Bodily Injury Liability rates on commercial type automobiles.⁵⁸

The experience indicated that a substantial reduction was in order in the Property Damage Liability rates on private passenger type automobiles. Before granting the application of the companies for a 20.2 per cent increase in the Bodily Injury Liability rates on private passenger type automobiles, the Board requested that they file a corresponding application for the indicated reduction in the Property Damage rates. This was done, and as a result, Bodily Injury Liability rates on private passenger automobiles were increased on a whole 20.2 per cent and the Property Damage Liability rates on the same type of automobiles were decreased on a whole by 25 per cent. In addition to this, the Board approved an increase of 25 per cent on \$50 Deductible Collision on both passenger type and commercial automobiles. Other minor changes and clarifications of the Manual, and the rate changes referred to above were made effective on January 25, 1937.⁵⁹

During the convention of the Legislature in January, a bill was introduced, placing upon the Board of Insurance Commissioners the duty to fix rates on automobile insurance.

⁵⁸Ibid.

⁵⁹Ibid., p. 30.

Up to this time, the powers of the Board were limited to approving or disapproving classifications and rates only, the Board having no authority under the statutes to make any rate changes. The Board was vigorously in accord with the aim of the Bill, and they heartily cooperated with the sponsors in every way possible in getting it on a practical and workable basis. The Bill was known as Senate Bill No. 77, and the subsequent amendments attached contained several controversial issues. Finally most of the difficulties were eliminated and the Bill was passed and became the law on May 15, 1937. The Bill contained a provision for levying a one-fifth of one per cent tax on the gross premiums of all automobile insurance coverage written in this State, the tax to be used for the maintenance and operation of the Automobile Insurance Department which had formerly been financed out of general revenue.⁶⁰

The provisions of Senate Bill No. 77 make it incumbent upon the Board to exercise more careful supervision over companies writing automobile insurance in this State. It was necessary in view of this provision to request additional help for the Department, and four new employees were added to this Department in the General Appropriation Bill.⁶¹

Despite the belief of the general public, the State of Texas, through State supervision, has been able to maintain the lowest rates of any State in the Union with the possible exception of South Dakota. A comparison of the rates charged on a Ford or Chevrolet private passenger type automobile with

⁶⁰Ibid.

⁶¹Ibid.

the rates charged in the adjoining states for the same coverage and under the Uniform Standard Policy will substantiate this fact.⁶²

The combined Bodily Injury Liability and Property Damage Liability rate for a Ford and Chevrolet private passenger type automobile is \$27 in Dallas; \$51 in Tulsa, Oklahoma; \$45 in Oklahoma City; \$40 in Shreveport, Louisiana; and \$39 in Little Rock, Arkansas. The same coverage would cost \$108 in New York City; \$56 in San Francisco; \$45 in Chicago; \$67 in Duluth, Minnesota; \$54 in St. Paul; \$37 in Seattle, Washington; and \$50 in Rochester, New York. The combined Bodily Injury Liability and Property Damage Liability rate for a Ford or Chevrolet private passenger type automobile in Hillsboro, Texas, is \$25. A combined rate for these same coverages is \$34 in a town of comparable size in Oklahoma, \$33 in Louisiana, and \$35 in Arkansas.⁶³

Bodily Injury Liability and Property Damage Liability rates on commercial automobiles are governed to a large extent by the use made of the vehicle and the business classification of the insured. A few of the states in the Union have lower fixed rates on commercial vehicles than does Texas, but after an analysis and checkup has been made on the classification and penalties for distance traveled, in almost every case, it will be found that Texas rates are lower than those in other states by approximately the same ratio as the rates on private passenger automobiles that have been formerly quoted.⁶⁴

The work done by the Automobile Insurance Division in checking automobile daily reports and approving special rate modifications for fleet owners and dealers is reflected in the following table:

⁶²Ibid., p. 31.

⁶³Ibid.

⁶⁴Ibid.

TABLE 7
ANALYSIS OF AUTOMOBILE RATE CALCULATIONS AND SPECIAL POLICY APPROVALS
SEPTEMBER 1, 1936, TO AUGUST 31, 1937*

Month	B. I. & P. D.	B. I.	F. & T. R.	M. & L.	Merit	Avg. Dirs.	Daily Rpts.	Ends-mts.	Disap-prvls.	Can-cels.	Form. A
Sept.	53	6	23	13	..	29	184	655	156	36	1
Oct.	44	3	27	23	2	31	169	530	131	27	2
Nov.	67	8	29	17	..	23	148	333	133	11	..
Dec.	70	10	33	11	4	22	163	534	175	8	..
Jan.	72	8	41	15	1	34	147	366	132	7	2
Feb.	74	3	29	20	2	25	175	577	293	8	2
Mar.	112	6	56	17	5	20	258	716	273	9	2
Apr.	66	9	39	11	2	34	247	828	323	4	2
May	70	4	32	16	..	33	200	733	225	19	..
June	51	6	24	10	..	34	272	754	284	11	1
July	82	5	26	10	1	39	225	646	273	4	1
Aug.	89	10	30	12	1	38	166	452	139	13	..
Total	650	78	393	174	18	362	2,359	7,129	2,603	157	13

*Source: R. L. Daniel, R. O. Waters, and Marvin Hall, Sixty-second Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1937, p. 32.

During this period the Department outlined and put into operation a program for a more adequate supervision and study of automobile insurance rates in Texas, and with an increased personnel, many unfair practices were rectified and other prevented. The result of such a program meant that all insureds of the same class had to pay uniform rates, and better statistics were maintained upon which to base rates.⁶⁵

The volume of work handled by this division shows a very substantial increase over that for the past fiscal year.⁶⁶

For the Year Ending August 31, 1938

The total amount of detail work completed in the handling of policy applications, endorsements and individual experience rates shows an increase of 43 per cent over the previous year. The Automobile Department of the Board of Insurance Commissioners has consistently tried to enforce the uniform application of rates by curtailing tendencies to rebate on the part of agents and companies selling insurance. The following is an analysis of the detail work that was completed during the fiscal period:

- 133 Investigations of alleged rebating by agents to automobile dealers and finance companies
- 13 Investigations of alleged rebating by insurance companies to automobile dealers and finance companies
- 10 Investigations of rebating and misclassification on motor truck insurance

⁶⁵Ibid.

⁶⁶Ibid.

148 Inspections of individual risks to determine proper rating classification

2 Cases present to Grand Jury⁶⁷

There is a number of companies and agents serving a probation period for the violation of the anti-rebating provision of the automobile insurance law, pending a more thorough investigation by the Casualty Insurance Department. A questionnaire was sent to all companies writing automobile insurance in Texas, to be returned under oath. The information returned in answer to the questionnaire set out the conditions and underwriting agreements of the automobile finance business written by these companies. This information is now being compiled and studied by the Automobile Insurance Department with the view to formulating more rigid rules and regulations for writing this class of insurance. Apparently the disposition of all finance companies and some insurance companies is that the finance company is entitled to a portion, or rebate, of the insurance premium paid by the retail purchaser of the automobile. An arrangement of this kind is definitely not in keeping with public policy and implies that all purchasers of automobile insurance are paying a tribute to the finance company because of its select position in placing a high volume of business. Either the giving or receiving of such a rebate is a violation of the laws of the State, but the Automobile

⁶⁷R. L. Daniel, R. G. Waters, and Marvin Hall, Sixty-third Annual Report of the Board of Insurance Commissioners For the Year Ending August 31, 1933, p. 30.

Department, to a great extent, is handicapped because it has no control or means of examining the records of the finance company. Through this arrangement, many unethical and illegal practices are being perpetrated upon the public. Many retail purchasers of automobiles are encountering financial loss because of their being deprived of the coverage for which they paid.⁶⁸

It is encouraging to note that during the fiscal period there was a downward trend in the number and severity of automobile accidents in the State of Texas, as was reflected by the records of the Texas Department of Public Safety and other organizations that have been keeping rather accurate records on automobile accidents in the State.⁶⁹

For the Year Ending August 31, 1939

Perhaps the most noteworthy action taken by the Automobile Department for the fiscal year was the lowering of Bodily Injury and Property Damage rates on School busses to a flat 25 per cent state-wide. The ruling was passed in August of the fiscal year to become effective September 1, following. It is obvious that insurance rates are closely akin to safety measures in driving. Precautions are taken while driving school busses, and Texas has been fortunate in having no disastrous school-bus accidents as have happened in other states.

⁶⁸Ibid., p. 31.

⁶⁹Ibid., p. 32.

The instruction in safety education by schools, city and district committees, with the excellent cooperation of the State Highway Patrol has done much to make the public safety minded, and more particularly around school busses with the warning "Caution" signs.⁷⁰

The Casualty Insurance Division has done everything in its power to encourage measures toward lessening road hazards and highway dangers, to help in the formulation of accident prevention committees, and to assist in the preparation of safety bulletins.⁷¹

The department has consistently tried to check the rebating tendencies of agents and companies who do not wish to transact business in an ethical and legitimate manner. For the fiscal period some detail work was done as revealed in the following analysis:

- 75 Investigations of alleged rebating by agents to automobile dealers and finance companies
- 46 Investigations of rebating and misclassification on motor truck insurance, and a few compensation risks
- 12 Finance insurance writing investigations in conjunction with the office of the Attorney General
- 1 Grand Jury case.--A finance company pleaded guilty and a fine of \$175 was imposed by the District Court of Harris County⁷²

⁷⁰W. C. Woodward, R. G. Waters, and Marvin Hall, Sixty-fourth Annual Report of the Board of Insurance Commissioners for the Year Ending August 31, 1939, pp. 27-28.

⁷¹Ibid., p. 28.

⁷²Ibid.

A number of companies and agents were summoned to appear before the Board of Commissioners to explain why they were writing insurance at rates not set out in the rules of the Board. It was reported that one company wrote Texas policies as a "front" for Lloyds of London. This, of course, does not satisfy the requirements necessary for a license in Texas. An agent appeared and explained that he was writing for unauthorized companies on a gross receipts basis. These cases were disposed of, and a general strenuous tightening up of unethical and illegal practices was accomplished.⁷³

On December 1, 1933, the minimum premiums for Bodily Injury and Property Damage on busses used for special trips were reduced from \$8 to \$4 and \$2 to \$1 respectively. On the same date, the additional charge for carrying passengers for pay by salesman's cars was reduced from 50 per cent to 10 per cent.⁷⁴

During the fiscal period much thought and study was given to a better development and check of base rate statistics. The department is in dire need of several efficient statisticians as well as special mechanical equipment.⁷⁵

Many new companies are being formed in Texas, because of its vast fertile field for automobile insurance. Due to the fact that new problems and more problems are arising constantly, much night work has become necessary on the part of the Automobile Department.⁷⁶

⁷³Ibid.

⁷⁴Ibid., p. 29.

⁷⁵Ibid.

⁷⁶Ibid., p. 32.

CHAPTER IV

POLICIES

Types of Policies

According to the rules and regulations set out by the State Insurance Commission of Texas, all companies writing automobile insurance in the State of Texas are required to use two Uniform Standard Automobile Policy Forms, namely, (1) the Garage Liability Form and (2) the Combination Form.

Under the provisions of the Garage Liability Form, the following coverages are afforded:

- A. Bodily Injury Liability
- B. Property Damage Liability

for

- 1. Automobile Dealer or Repair Shop
- 2. Private Livery--Persons
- 3. Commercial Livery--Property

Under the provisions of the Combination Form, the following coverages are afforded:

- A. Bodily Injury Liability
- B. Property Damage Liability
- C. Fire, Lightning and Transportation
- D-1. Theft, Robbery and Pilferage (Deductible Pilferage Form)
- D-2. Theft, Robbery and Pilferage (Broad Form)
- E-1. Collision or Upset
- F-1. Tornado, Cyclone, Windstorm, Hail, Earthquake, Explosion and Water Damage
- G. Breakage of Glass

The Garage Liability Form policy¹ applies only to accidents which occur during the policy period within the United States in North America (exclusive of Alaska) or the Dominion of Canada, while the Combination Form policy² applies only to accidents which occur and to direct losses to the property injured which are sustained during the policy period, while the automobile is within the United States in North America (exclusive of Alaska) or the Dominion of Canada, including while on coastwise vessels between ports within said territory and is owned, maintained and used for the purpose stated as applicable thereto in the declarations.

Coverages

In discussing coverages, it is perhaps well to take them in the order of (1) the coverages of the Garage Liability Form policy and (2) the coverages of the Combination Form policy.

In Section I of the Garage Liability Form, The Travelers Insurance Company and the Travelers Indemnity Company, Hartford, Connecticut, (each a stock insurance company herein called the Company)³ do hereby severally agree with the insured named in the declarations made a part hereof, in consideration of the payment of the premiums and of the statements

¹Uniform Standard Automobile Policy--Garage Liability Form--The Travelers Insurance Company and The Travelers Indemnity Company, Hartford, Connecticut, p. 2.

²Uniform Standard Automobile Policy--Combination Form--The Travelers Indemnity Company and The Travelers Fire Insurance Company, Hartford, Connecticut, p. 2.

³Ibid.

contained in the declarations and subject to the limits of liability, exclusions, conditions and other terms of this policy, provided (1) that The Travelers Insurance Company shall be the insurer with respect to the coverage for which a premium is specified and charged and the company so designated in Item 3 of the declarations and no other, and (2) that The Travelers Indemnity Company shall be the insurer with respect to any one or more of the coverages for which a premium is specified and charged and the company so designated in Item 3 of the declarations and no other:

Coverage A--Bodily Injury Liability

To pay on behalf of the insured all sums which the insured shall become obligated to pay by reason of the liability imposed upon him by law for damages, including damages for care and loss of services, because of bodily injury, including death at any time resulting therefrom, sustained by any person or persons, caused by accident and arising out of such of the operations hereinafter defined as are indicated by specific premium charge or charges in Item 3 or said declarations.⁴

Coverage B--Property Damage Liability

To pay on behalf of the Insured all sums which the insured shall become obligated to pay by reason of the liability imposed upon him by law for damages, because of injury to or destruction of property, including the loss of use thereof, caused by accident and arising out of such of the

⁴Uniform Standard Automobile Policy--Garage Liability Form--The Travelers Insurance Company and The Travelers Indemnity Company, Hartford, Connecticut, p. 2.

operations hereinafter defined as are indicated by specific premium charge or charges in Item 3 of said declarations.⁵

In accordance with the insurance afforded by the Garage Liability Policy, it is further agreed that the company shall:

(a) defend in its own name and behalf any suit brought against the insured alleging injury or destruction and seeking damages on account thereof, even though the suit may be groundless, false or fraudulent; but the company shall maintain the right to make investigation, negotiation and settlement of any or all claims or suits as may be deemed expedient by the company;

(b) pay all premiums on bonds to release attachments for any amount not in excess of the applicable limit of liability of this policy, and all premiums on appeal bonds required in any defended suit, but without obligation to apply for or furnish these bonds.⁶

The Garage Liability Policy excludes any obligation of the Company

(a) for liabilities assumed by the insured under any oral contract or agreement;

(b) for the injury or destruction caused by any employee of the insured in violation of State or Federal Law as to age (or by any person under the age of fourteen), or at the time any automobile is being driven in any race or speed test, or by any person in violation of any State or Federal Law as to such person's occupation;

⁵Ibid.

⁶Ibid.

(c) under Coverage A, for such bodily injury or death of any person employed by the insured, or in the operation, maintenance or repair of any automobile, or to any person to whom the company may be held liable under any Workmen's Compensation Law;

(d) under Coverage B, for property owned by, rented to, leased to, in charge of, or transported by any insured;

(e) while an automobile is used for transporting persons or property for pay or while rented or leased under contract, unless this use is declared and described in this policy so that the applicable premium may be charged;

(f) for injury or destruction that may have been caused by the ownership, maintenance or use of an elevator, its car, platform, shaft, or appliances; or any mechanical hoist for raising or lowering automobiles; any air or water craft, or hydraulic hoist;

(g) with respect to the ownership or use of a taxicab;

(h) in regard to any automobile owned or hired by the insured and used to convey other automobiles or used for the conveyance of wholesale or retail commodities.⁷

The premium for insurance under Coverages A and B is based on the entire remuneration earned during the policy period by all employees of the insured, or by the proprietor if the insured is an individual or corporation, and by the president,

⁷Ibid.

vice-president, secretary, treasurer, or any other employees that may be active in operations of any nature.⁸

In Section I of the Combination Form, The Travelers Indemnity Company and The Travelers Fire Insurance Company, Hartford, Connecticut, (each a stock Insurance Company herein called the Company)⁹ do hereby severally agree with the insured named in the declarations made a part hereof, in consideration of the payment of the premiums and of the statements contained in the declarations and subject to the limits of liability, exclusions, conditions and other terms of this policy, provided (1) that the Travelers Indemnity Company shall be the insurer with respect to any one or more of the coverages for which a premium is specified and charged and the company so designated in Item 4 of the declarations and no other, and (2) that the Travelers Fire Insurance Company shall be the insurer with respect to any one or more of the coverages for which a premium is specified and charged and the company so designated in Item 4 of the declarations and no other:

Coverage A--Bodily Injury Liability

To pay on behalf of the insured all sums which the insured shall become obligated to pay by reason of the liability imposed upon him by law for damages, including damages for care and

⁸Ibid., p. 3.

⁹Uniform Standard Automobile Policy--Combination Form--The Travelers Indemnity Company and The Travelers Fire Insurance Company, Hartford, Connecticut, p. 2.

loss of services, because of bodily injury, including death at any time resulting therefrom, sustained by any person or persons, caused by accident and arising out of the ownership maintenance or use of the automobile.¹⁰

Coverage B--Property Damage Liability

To pay on behalf of the insured all sums which the insured shall become obligated to pay by reason of the liability imposed upon him by law for damages, because of injury to or destruction of property, including the loss of use thereof, caused by accident and arising out of the ownership, maintenance or use of the automobile.¹¹

Coverage C--Fire, Lightning and Transportation

To pay for any direct loss or damage to the automobile and its operating equipment while attached thereto, including radios (excepting radio tubes), caused by (a) Fire, arising from any cause whatsoever, and Lightning; (b) the Stranding, Sinking, Burning, Collision or Derailment of any conveyance in or upon which the automobile is being transported on land or water, including general average and salvage charges for which the insured is legally liable.¹²

Coverage D-1--Theft, Robbery and Pilferage (Deductible Pilferage Form)

To pay for any direct loss or damage to the automobile and its operating equipment while attached thereto, including radios (excepting radio tubes), caused by Theft, Robbery and Pilferage, excepting by any person or persons in the insured's household or in the insured's service or employment, whether the theft, robbery or pilferage occurs during the hours of such service or employment or not, and excepting by any person, or agent thereof, or by the agent of any firm or corporation to which person, firm or corporation the insured, or any one acting under express or implied authority of the insured, voluntarily parts with title and/or

¹⁰Ibid.

¹¹Ibid.

¹²Ibid.

possession, whether or not induced so to do by any fraudulent scheme, trick, device or false pretense; and excepting in any case other than when the automobile described herein is stolen, the theft, robbery or pilferage of any property insured hereinunder unless the amount of loss or damage thereto by one theft, robbery or pilferage of any property insured hereinunder exceeds--on automobiles listing F. O. B. Factory at \$999 and under, \$20; and on automobiles listing F. O. B. Factory \$1,000 and over, \$35, in which event, on automobiles listing F. O. B. Factory at \$999 and under, the sum of \$20 shall be deducted from the amount of determined loss; on automobiles listing F. O. B. Factory at \$1,000 and over, the sum of \$35 shall be deducted from the amount of determined loss.

This policy does not insure against the wrongful conversion, embezzlement or secretion by a mortgagor, vendee, lessee or other person in lawful possession of the insured property under a mortgage, conditional sale, lease or other contract or agreement, whether written or verbal.¹³

Coverage D-2--Theft, Robbery and Pilferage
(Broad Form)

To pay for any direct loss or damage to the automobile and its operating equipment while attached thereto, including radios (excepting radio tubes), caused by Theft, Robbery and Pilferage, excepting by any person or persons in the insured's household or in the insured's service or employment, whether the theft, robbery or pilferage occurs during the hours of such service or employment or not, and excepting by any person, or agent thereof, or by the agent of any firm or corporation to which person, firm or corporation the insured, or any one acting under express or implied authority of the insured, voluntarily parts with the title and/or possession, whether or not induced so to do by any fraudulent scheme, trick, device or false pretense; and excepting in any case, other than the theft of the entire automobile described herein, the theft, robbery or pilferage of tools or repair equipment.

¹³Ibid.

This policy does not insure against the wrongful conversion, embezzlement or secretion by a mortgagor, vendee, lessee or other person in lawful possession of the insured property under a mortgage, conditional sale, lease or other contract or agreement, whether written or verbal.¹⁴

Coverage E-1--Collision or Upset

To pay for any direct loss or damage to the automobile and its operating equipment while attached thereto, including radios (excepting radio tubes), caused by Accidental Collision or Upset, where the damage to the automobile and/or equipment herein described such collision or upset is in excess of the deduction specified in Item 4 of the declarations; each accident shall be deemed a separate claim and the amount of determined loss or damage shall be subject to such deduction; but this insurance shall not cover loss or damage: (1) caused directly or indirectly by fire, (2) to any tire, unless in an accidental collision or upset which also causes other loss or damage to the automobile.¹⁵

Coverage F-1--Tornado, Cyclone, Windstorm, Hail, Earthquake, Explosion and Water Damage

To pay for any direct loss or damage to the automobile and its operating equipment while attached thereto, including radios (excepting radio tubes), caused by Tornado, Cyclone, Windstorm, Hail, Earthquake, Explosion, Accidental and External Discharge or Leakage of Water, excluding damage caused by Rain, Sleet, Snow, Flood, Rupture of Tires and Explosion within the combustion chamber of an internal combustion engine.¹⁶

Coverage G--Breakage of Glass

To pay for all Accidental Breakage of any Glass permanently attached to or forming a part of the structure of the automobile, except all glass in outside lighting apparatus and outside mirrors. The insurance against Accidental Breakage of Glass is subject to the following special provisions:

¹⁴Ibid.

¹⁵Ibid.

¹⁶Ibid.

If the loss or damage to the glass is covered by other insurance, this company shall not be liable for any part of such loss or damage except that if such other insurance provides that a specific amount shall be deducted from each loss, this company shall be liable to an amount not exceeding the amount deductible in such other insurance.¹⁷

In accordance with the insurance afforded by the Combination Policy under Coverages A and B, it is further agreed that the Company shall

(a) defend in its own name and behalf any suit brought against the insured alleging injury or destruction and seeking damages on account thereof, even though the suit may be groundless, false or fraudulent; but the company shall have the right to make investigation, negotiation and settlement or any or all claims or suits as may be deemed expedient by the company;

(b) pay all premiums on bonds to release attachments for any amount not in excess of the applicable limit of liability of this policy, all premiums on appeal bonds required in any defended suit, but without obligation to apply for or furnish these bonds.¹⁸

The Combination Policy excludes any obligation to the Company

(a) under any of its coverages while the automobile is used in the business of demonstrating or testing, or as a public livery conveyance or for transporting persons for pay

¹⁷Ibid.

¹⁸Ibid.

or while rented or leased under contract, unless the use is specifically declared and described in the policy and a premium charged;

(b) under Coverages A and B, for any liability assumed by the insured under any oral contract; or in regard to any accident which might occur after the transfer during the policy period of the named insured's interest in the automobile, without the written consent of the company;

(c) under Coverages A and B, when the automobile is used for the pulling of any trailer unless such usage is declared and described in the policy and premium charged accordingly;

(d) under Coverages A and B, in regard to any trailer covered by the policy when the trailer is used in connection with any automobile not covered by like insurance in this company;

(e) under any of the coverages incorporated in the Combination Policy when the automobile is driven in a race or speed test, or by any person in violation of any State or Federal Law as to age applicable to the person or to his occupation, or by any person under the age of fourteen;

(f) under Coverage A, for bodily injury or death of any person employed by the insured while engaged in the business of the insured, other than domestic employment, or in the operation, maintenance or repair of the automobile, or to any person to whom the insured may be held under any Workmen's Compensation Law;

(g) under Coverage B, for property owned by, rented to, leased to, in charge of, or transported by any insured;

(h) under Coverages C, D-1, D-2, E-1, F-1 and G, for loss or damage caused directly or indirectly by invasion, insurrection, riot, civil war or commotion, military, naval or usurped power, or by order of any civil authority;

(i) under Coverages C, D-1, D-2, E-1, and F-1, for loss or damage to robes, wearing apparel, personal property or other objects.¹⁹

The two respective types of policies--the Garage Liability Form and the Combination Form--specify certain conditions (special and general) applicable to the coverages afforded by them.

Conditions Applicable to Coverages A and B
of the Garage Liability Form

Premium.--The premium for automobile insurance under division one of Coverages A and B is applicable to the entire remuneration earned during the period of the policy (a) by all employees of the insured engaged in the disclosed operations, including salesmen, general managers and clerical office employees, but not on the remuneration in excess of \$2,000 a year each earned by general managers and salesmen and (b) by the proprietor or proprietors, if the insured is a person or copartnership, and by the president, any vice-president, secretary, treasurer and any other executive officer actively

¹⁹Ibid.

engaged in the disclosed operations, if the insured is a corporation, but not in excess of \$2,000 a year for each proprietor or executive officer. If this policy is issued to afford insurance under divisions two or three of Coverages A and B, the premiums for the insurance shall be based upon the entire gross remuneration earned from the respective operations mentioned under these divisions during the period of the policy, whether or not the remunerations are collected.²⁰

On the expiration date, or, in event the policy is canceled, after the effective date of such cancelation, the amount of the remuneration earned by proprietors, executive officers and all employees, and the entire gross amount of all such livery earnings, during the effective period of the policy, shall be exhibited to the company, and the earned calculated accordingly at the rates and under the conditions stipulated. If the earned premiums are larger than the premiums paid in advance, the insured shall pay the remainder to the company; if less, the company shall return the unearned portion to the insured, but in any and all events, except in the case of cancelation, the company shall be entitled to the minimum premium specified in the declarations.²¹

Inspection.--The company shall have the right to inspect the insured premises and to examine the books and records owned or possessed by the insured. Inspection and examination may be made at any time during the effective period of the policy.²²

²⁰Ibid., p. 3.

²¹Ibid.

²²Ibid.

Limits of Liability, (Coverage A).--The limit of bodily injury liability stated in the declarations as applicable to each person is the limit of the company's liability for any and all damages, including damages for care and loss of services, originating out of bodily injury or death of one person in any accident. The inclusion of more than one insured shall not increase the company's liability.²³

Financial Responsibility Laws.--The insurance afforded by this policy for bodily injury liability or property damage liability with reference to any automobile owned by the insured shall conform to the provisions of the Motor Vehicle Financial Responsibility Law of any state which may be applicable with reference to any liability originating from the use of the automobile during the effective period of the policy.²⁴

The insured contracts to reimburse the company for any or all payments made by the company because of any accident, claim or law suit, involving a breach of the provisions of this policy or for any payment the company would not have been obligated to make under the specifications of this policy except for the agreement contained in the above paragraph.²⁵

Notice of Accident.--At the time of an accident a notice in writing shall be by the insured to the company or any of its authorized representatives as soon as possible. This notice shall contain information sufficient to identify the

²³Ibid.

²⁴Ibid.

²⁵Ibid.

insured. The time, place and circumstances shall be stated with the name and address of the injured with any possibly available witnesses. If claim is made or suit is brought against the insured, he shall forward, as soon as possible, to the insurer every notice or summons received by him.²⁶

Assistance and Cooperation of the Insured.--At the company's request the insured shall cooperate in the matters of making settlements, securing and furnishing evidence, obtaining witnesses, and the company shall reimburse the insured for any expense, except the loss of earnings, incurred at the company's request. The insured shall not voluntarily make any payment or incur any expense, except at his own cost, other than for medical and surgical relief to others as shall be necessary at the time of the accident.²⁷

Action Against Company.--No action shall lie against the company unless the insured shall have fully complied with all the attending conditions, nor until the amount of the insured's obligation to pay shall have been determined by final judgment or by written agreement of the insured, the claimant, and the company. This does not apply, however, unless suit is brought within two years and one day after the date of the judgment or written agreement.²⁸

Any person or his legally authorized representative who has secured judgment or a written agreement shall be entitled

²⁶Ibid.

²⁷Ibid.

²⁸Ibid.

to recover under the terms of this policy to the same extent as the insured. Nothing is contained in this policy that would give any person or organization any right to join the company as a co-defendant in any action against the insured to determine the insured's liability.²⁹

Bankruptcy or insolvency of the insured shall not release the company of any of its obligations to the insured whatsoever.³⁰

Other Insurance.--If the insured has insurance with another company against a loss covered by the policy, the company shall not be liable under this policy for a larger proportion of the loss than the applicable limit of liability provided in the declarations bears to the total applicable limit of liability of all valid and collectible insurance against the loss.³¹

Subrogation.--In the case of any payment under this policy, the company shall be subrogated to all the insured's rights of recovery, and the insured shall execute all papers that might be required, and shall do everything that may be deemed necessary to secure the rights.³²

Changes.--The terms of this policy in no way shall be changed except by endorsement signed by the President, Vice-President, Secretary, Assistant Secretary of the Company, the

²⁹Ibid.

³⁰Ibid.

³¹Ibid.

³²Ibid.

Superintendent of its Automobile Division, or a Registrar specially authorized. The only exception to this rule is that changes may be made in the written portion of the declarations only by a manager or general agent of the company when initialed by such manager or general agent.³³

Assignment.--No assignment of interest under this policy shall bind the company until its written consent is secured; if, however, the insured should die or be declared bankrupt or insolvent within the effective policy period, this policy shall cover (a) the insured's legally authorized representative as the named insured, and (2) any person having proper temporary custody of the automobile until the appointment and qualification of the legally authorized representative, but in no event for a period of more than thirty days after the date of such death or adjudication.³⁴

Cancellation.--The insured may have this policy canceled upon notice to the company stating when he wishes cancellation to become effective. Also, this policy may be canceled by the company on its own volition by mailing a notice in writing to the insured, at the address specified in this policy, stating when the cancellation shall become effective. Delivery notice shall be as binding as mailing.³⁵

If the policy is canceled at the request of the insured, earned premiums shall be computed according to the customary short rate table, but the premiums shall not be less than the

³³Ibid.

³⁴Ibid.

³⁵Ibid.

short rate portion of the minimum premiums specified in the declarations. If the policy is canceled on the volition of the company, earned premiums shall be computed pro rata. Premium adjustment shall be made upon computation of the earned premium.³⁶

Declarations.--On the acceptance of this policy the insured agrees that the statements contained herein are his agreements, that this policy is issued in good faith, and that this policy contains all agreements that exist between himself and the company or any of its representatives.³⁷

The Special Conditions Applicable Only to
Coverages A and B of the Combination Form Policy

These are the same as the conditions applicable only to Coverages A and B of the Garage Liability Form policy, except that the latter policy has several additional conditions.

Limitations of Liability and Method of Determining Same.--

The company's liability for loss or damage to the automobile shall not exceed the actual cash value of the automobile at the time any loss or damage is incurred. The loss and damage shall be estimated accordingly, and in no event shall the compensation exceed the limit of liability nor what it would cost to repair or replace the vehicle or any of its parts.³⁸

In the case of loss or damage to the vehicle, whether the loss or damage is covered by this policy or not, this

³⁶Ibid., pp. 3-4.

³⁷Ibid., p. 4.

³⁸Uniform Standard Automobile Policy--Combination Form--
The Travelers Indemnity Company and The Travelers Fire Insurance Company, Hartford, Connecticut, p. 3.

company's liability shall be reduced according to the cost or amount of the loss or damage until repairs or replacements or both shall have been made.³⁹

Other Insurance.--No compensation shall be received by the insured under this policy if, at the time a loss is incurred, there is any other insurance, whether or not the other insurance is valid or collectible; unless, however, damage has been caused to glass by collision or upset. Insurance afforded by breakage of glass shall apply to damage caused to glass, but not in excess of the deductible amount specified in any valid and collectible insurance against collision. The company shall not be liable for breakage of glass if the damage is covered fully by valid and collectible collision insurance.⁴⁰

Loss for Which Carrier and/or Bailee for Hire is Liable.--This company is liable for loss or damage incurred while the automobile is in the possession of a carrier or bailee for hire under a contract. Where loss or damage is incurred for which a carrier or bailee may be liable and which would otherwise be covered in this policy, this company will advance to the insured a loan or money to cover the loss or damage. This loan or money shall be repaid to the extent of the net amount collected by the insured from the carrier or bailee after the cost and expense of collection is deducted.⁴¹

³⁹Ibid.

⁴⁰Ibid.

⁴¹Ibid.

Lien or Encumbrance.--Unless provided by written agreement, and except as to any lien, mortgage, or other encumbrance specifically set forth and described, this company shall not be liable for loss or damage to any property insured while subject to any lien, mortgage, or other incumbrance.⁴²

Title and Ownership.--Except as to any lien, mortgage, or other incumbrance specifically set forth and described herein, this policy shall be void, unless otherwise provided by written agreement, if the interest of the insured be other than unconditional and sole lawful ownership, or if the automobile has ever been stolen or unlawfully taken prior to the issuance of this policy and not returned to the lawful owner prior to the issuance of this policy, or in event of transfer or termination of the interest of the insured, except by death of the insured, or in the event a change is made in the nature of the insurable interest of the insured.⁴³

Protection of Salvage.--In the case of any loss or damage, whether covered in this policy or not, the insured shall protect the property from other loss or damage. Any other loss or damage incurred because of the insured's carelessness, or failure to protect the property, shall not be recoverable under this policy. Due care taken by the insured or by this company or by its agents in recovering, saving and preserving the insured property shall be considered as done for the benefit of all concerned. Where the loss or damage incurred constitutes

⁴²Ibid.

⁴³Ibid.

a claim under this policy, all reasonable expenses also shall constitute a claim under this policy, provided, however, that this company shall not be liable for the payment of a reward offered for the recovery of the insured property unless authorized by this company.⁴⁴

Appraisal.--In the event the insured and this company shall find it impossible to agree on the amount of loss or damage, each shall select, on the written demand of either, a competent and disinterested appraiser. It shall be the duty of the appraisers to appoint a competent and disinterested umpire. If, within fifteen days an umpire has not been appointed, on request of either the insured or this company, an umpire shall be appointed by the Judge of the Court of Record in the County and State in which the appraisal is pending. The appraisers shall then estimate the loss and damage, and if they fail to agree their differences shall be settled by the umpire. Each appraiser shall be compensated by the person appointing him and the expenses of appraisal and umpire shall be reimbursed by the parties equally.⁴⁵

Abandonment--Return of Stolen Property.--At the option of this company it may take all or any part of the property at the agreed or appraised value, but it shall be understood that there can be no abandonment on the part of this company. Where theft is insured against, the company has the right to

⁴⁴Ibid.

⁴⁵Ibid.

return, at any time, the stolen vehicle and its equipment or parts with compensation for physical damage.⁴⁶

Payment of Loss.--It shall be understood that this company shall not waive any provision, condition or any forfeiture in connection with this policy by any requirement, act, or proceeding relating to the appraisal. It is further understood that in no case shall the loss become payable until sixty days after the notice and verified proof of the loss have been received by this company.⁴⁷

Notice of Loss.--In the case of loss or damage, the insured shall give immediate notice in writing to this company. In the case of Theft, Robbery or Pilferage, the insured shall also notify the police immediately.⁴⁸

Assistance and Cooperation of the Insured.--In the case of loss or damage, whenever requested by this company, the insured shall exercise full assistance and cooperation in the matter of recovering the property insured under this policy. The insured shall assist either by means of replevin proceedings or any other practicable means in effecting settlement, securing evidence, and procuring witnesses in a manner that is approved by this company. The company shall reimburse the insured for any expense incurred at its request.⁴⁹

Proof of Loss.--Within ninety-one days after loss or damage, unless the time is extended in writing by this company,

⁴⁶Ibid.

⁴⁷Ibid.

⁴⁸Ibid.

⁴⁹Ibid.

the insured shall submit a statement to this company signed and sworn to by the insured, stating the place, time and cause of the loss or damage. The statement shall state the interest of the insured and of all others in the property, the value of the property and the amount of loss or damage encountered. It shall also be specified if there is other insurance, whether valid and collectible or not. The insured shall exhibit to any person designated by this company, as often as may be required, all that remains of the insured property. The insured shall submit, under oath, to examinations by any person appointed by this company.⁵⁰

Right of Recovery.--No legal action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless the insured has fully complied with all requirements, nor unless begun within two years and one day after a cause of action shall exist.⁵¹

Non-Waiver Clause.--This company shall not be held to have waived any provision or condition, or exclusion of this policy, or be held to have admitted liability.⁵²

Misrepresentation and Fraud.--In the case of concealed or misrepresented material facts or circumstances on the part of the insured relative to the property insured, this policy shall be void. In case of fraud, attempted fraud, or false swearing by the insured relative to the property insured,

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² Ibid.

whether before or after the loss or damage, this policy shall be void without further question.⁵³

The general conditions under the Combination Form policy are the same as the conditions listed in the Garage Liability Form policy.

⁵³Ibid.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

The purpose of this study has been to determine and record The Evolution and Present Form of Automobile Insurance in the State of Texas.

In making this study, the findings have revealed that the growth and development of automobile insurance in Texas has been rapid and steady since its institution in September, 1927. In the process of its growth and development, the Automobile Division of the Insurance Commission of the State of Texas is still endeavoring to standardize and make uniform, as nearly as possible, with other states of the Union, all rates, premiums, laws, and policies, in order to facilitate matters on behalf of policy-holders in connection with automobile insurance.

In studying the various reports and the policy forms furnished by the Insurance Commission of Texas, it has been found that a superfluous amount of meaningless, stereotyped terminology is used, and especially is this true in the wording of the policy forms. A matter of this nature is one of no little concern to both the insurer and the insured.

The average insurance buyer--to say nothing of the majority of insurance buyers--is totally at a loss to be able

to interpret the true meaning of the various clauses-- coverages, exclusions and conditions. For this reason there is much misunderstanding on the part of the insurance-buying public. Most policy-holders never take time to read the terms of their policies simply because of the dread of tiresome terminology and phraseology, and as a result, suits are brought occasionally by the insured against the company, and in some instances, the company against the insured.

In the interest of the various companies selling automobile insurance, the Automobile Division of the Insurance Commission of the State of Texas, and the insurance-buying public, the following proposed recommendations are offered:

(1) That coverages, exclusions, and conditions of Automobile Insurance Policies be stated in simple, effective terminology and phraseology that can be understood readily by the average policy-holder. Such a practice would lend itself very favorably to the saving of time spent in explaining coverages, exclusions and conditions to policy-holders as well as the prevention of loop holes and possible claims or suits that otherwise might be brought against the company selling the insurance.

(2) That every automobile owner, for his own benefit or protection, buy insurance to cover any possible loss of, or damage to, his vehicle. By paying a sufficient amount of premiums, the owner would then most likely take due care in preventing loss of, or damage to, his property.

(3) That a private individual not be permitted to engage in automobile insurance coverages in the State of Texas, for the reasons that (1) death obviously would result in the liquidation of the assets, and (2) homestead and other exemption laws can be invoked on behalf of an individual that can not be invoked on behalf of corporate or other types of insurance carriers.

(4) That individuals or associations that write workmen's compensation insurance, or any other line of casualty insurance, be required to maintain a fund or invested assets of not less than \$50,000.00.

(5) That the Lloyds regulations be amended so that examinations may be made at any time the Board of Insurance Commissioners deem advisable, instead of confining examinations to every two-year period.

(6) That a law be passed requiring all insurance companies issuing participation workmen's compensation and automobile insurance policies to maintain, at all times, the reserves required by the Board prerequisite to paying dividends.

(7) That no insurance carrier be permitted to write fidelity, surety and guaranty bonds without having a capital of \$100,000, a free surplus of \$50,000 fully paid up and unimpaired in all respects, and a deposit with the State Treasurer of at least \$50,000 in convertible securities worth according to market value at least that amount.

(8) That test checks be made of statistical data to facilitate the many complaints and questions from the insurance-buying public with reference to the accuracy of statistics.

(9) That more and better inspections and investigations of companies selling automobile insurance be made for the general benefit of the policy-holders.

(10) That the present Guaranty Fund requirement be set at not less than \$50,000 which is the lowest requirement for any type of insurance company.

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