

UNDERWRITING

- A. What are the possibilities of using extra premiums as an alternative to a war clause?
- B. What was the experience of Great Britain and other countries with war deaths of (1) military personnel and (2) civilians? How can this experience be used to anticipate the extent of possible civilian war catastrophes and their effect on life insurance companies in United States and Canada?
- C. What problems arise in connection with aviation risks (1) during the period war clauses are in effect and (2) after such war clauses are canceled?
- D. What problems arise in connection with the underwriting of war correspondents, Red Cross workers, members of the Merchant Marine and other auxiliary services?

MR. H. R. BASSFORD, MR. J. R. GRAY, MR. WALTER TEBBETS AND MR. A. A. WINDECKER, in discussing section A, concurred in the view that extra premiums for war hazards are impractical. During the last war only a small number of war hazard extra premium policies were placed. Among civilian applicants future war hazards are so variable that a scale of extra premiums would not be feasible as a substitute for war clauses in general; and while extra premiums could be quoted for those actually in service or for those leaving for overseas, the uncertain war situation today and the widely varying hazards, even in actual combat, make determination of equitable extra premiums almost impossible. Moreover, marked selection against the companies could not be avoided.

MR. E. G. FASSEL expressed the view that war clauses need be employed only in time of war and only applicable to those in service to eliminate the service deaths resulting from war. Fatal civilian war casualties in Great Britain in World War II were 0.24 per annum per thousand of population. These extra deaths were undoubtedly more than offset by improved mortality in other respects. If war came to America with modern weapons, civilian fatalities might be much higher than this. In such an event appropriate action would be a limit of \$5,000 on new issues and an extra premium of, say, \$3.00 per thousand. To cease insuring the civilian war risk in time of war would be an invitation to other agencies to step in.

MR. J. B. MABON stated that the relatively low country-wide death rate from war causes among civilians was not too reassuring when particular areas are considered. In the London area during the war years it averaged 1.33 per thousand per year. In the borough of Holborn in 1941

it was 5.96 per thousand. The death rate from battle casualties and accidents among males of the armed forces of the United Kingdom was 10.66 for the Army, 15.89 for the Navy and 16.36 for the Air Force, with an over-all average of 12.64 per thousand per annum. He felt we would not be on very sure ground in assuming death rates in a future war would remain at these levels.

MR. WALTER TEBBETTS stated that he felt Mr. Fassel's estimates of future civilian war mortality were on the light side. Civilian war casualties in Japan would be a more appropriate guide.

In World War II the New England Mutual used their regular aviation exclusion amendment for aviation risks without any serious objection. Upon cancellation of war clauses the aviation clause remained and was removed only upon individual underwriting consideration.

With reference to section D he said their current underwriting was on a limited amount basis. In referring to risks involving a war hazard for which a permanent exclusion is not allowed, he felt that they should continue to limit amounts which would be available. War exclusion on a permanent basis is just as essential for these occupations as for service personnel.

MR. A. A. WINDECKER was of the opinion that if war clauses are to be used only sparingly or only at intervals, then the industry should make provision for covering a permanent future war mortality at the younger ages, particularly for issue ages in the teens. This could be brought about by appropriate modifications in dividend formulae and in the mortality basis for gross premiums.

Referring to section B he felt that any past experience would be of little value as a guide to the future. Regarding section C he cautioned against the cancellation of aviation clauses simultaneously with war clauses. Military pilots frequently go into commercial aviation.

He stated the chief problem under section D is measurement of the extra risk. Lloyd's recently quoted a premium of 10% for accidental death insurance on newspaper correspondents in the war area, whereas in 1944 the corresponding premium was 5%.

MR. G. N. CALVERT felt that anything that happened in the last war would not be a very helpful guide if World War III came to this country.

MR. J. R. GRAY, speaking with reference to section C, stated that when a combined war and aviation clause has been used it is difficult to differentiate aviation risks when war clauses are canceled. After the last war the Canada Life announced it would not enforce the aviation provision if the application showed no flying and no intention of flying.

Keeping policyholders aware of what protection they had and individual reconsiderations have entailed considerable work.

MR. HARRY WALKER stated that during the last war the Equitable of New York used a general war and aeronautics limitation and did not underwrite at issue with respect to any aviation hazard. When war clauses were removed it was necessary to underwrite the aviation hazard in each case. To avoid this burden he suggests that the aviation hazard be underwritten at issue, flagging those cases where it would be undesirable to remove the aviation restriction automatically at a later date.

MR. J. B. COPPLE, JR., believed it preferable to make the aviation restriction in the war clause exclude only military pilots and crew members whether inside or outside the Home Area and passenger flying by armed forces personnel in military planes outside the Home Area. Aviation hazards not so excluded should be underwritten with an extra premium or a special aviation exclusion clause. This approach permits offering coverage to the civilian aviator and facilitates later cancellation of war clauses.

MR. J. E. HOSKINS mentioned that the general removal of war clauses following World War II was usually done without individual notice. Since all companies did not make a blanket removal, airline employees owning policies with aviation restrictions in the war clause were concerned to know the extent of their aviation coverage. Through the Life Insurance Association and American Life Convention companies were requested to notify the trade association of the airlines whether or not they had made a blanket removal of aviation restrictions. Dissemination of this information to employees through the airlines avoided an immense amount of individual correspondence. Mr. Hoskins pointed out that the same situation might arise another time among a group not having a central agency for dissemination of information.