

**FIFTY-FIRST ANNUAL REPORT OF
THE INSURANCE COMMISSIONER
OF THE STATE OF MAINE, FOR
THE YEAR ENDING DECEMBER 31,
1918**

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Fifty-first Annual Report of the Insurance Commissioner of the State of Maine, for the Year Ending December 31, 1918 by Maine Insurance Department

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MAINE INSURANCE DEPARTMENT

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FIFTY-FIRST ANNUAL REPORT

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OF THE

INSURANCE COMMISSIONER

OF THE



State of Maine Insur. dept.

FOR THE YEAR ENDING DECEMBER 31, 1918



WATERVILLE
SENTINEL PUBLISHING COMPANY
1919

STATE OF MAINE.

FIFTY-FIRST ANNUAL REPORT.

OF THE

Insurance Commissioner.

AUGUSTA, September 1st, 1919.

To the Honorable Governor and Council:

In compliance with the provisions of Section ninety-two, Chapter fifty-three, Revised Statutes of Maine, I herewith submit the Fifty-first Annual Report of this Department for the year ending December 31st, 1918.

ANNUAL REPORT.

Mindful that the large amount of statistical matter that obtains in so many reports is interesting to comparatively few aside from those engaged in the affairs of such schedules, tables and comparisons, the continuance of printing large volumes of statistics rarely ever used was wasteful in expense to the State, unnecessary to place in print much that could readily be obtained upon application to the Insurance Department, proven by the fact that, from the report of 1917 was omitted more than fifty per cent of previous years and during the several months since its publication not one inquiry has been received by the Department upon any of the subjects or matter thus cut out.

In condensing the report it is made more valuable because of its immediate availability for reference so that time

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is saved and the information readily obtained. If, however, there has been omitted any figures or matters relating to the Department immediate reply will be accorded to any inquiry.

It may be of interest to those who use the annual reports for various purposes, with contemplated methods and changes of future preparation for compiling, the report will be forthcoming not later than mid-year, probably earlier, this however will be an advance of great gain to the Department in its work and advantage to those awaiting its issue.

PERSONAL MENTION.

It would not seemingly be consistent in the assembling of the pages of this book if mention was omitted of the fact of the changes in administration forces taking place during the year 1918. Because of the resignation of the former Commissioner at the beginning of the year the conduct of the affairs of the Department devolved upon Deputy Commissioner Ivan E. Lang and until May 15th the business of the Department was under his able care. The nomination of G. Waldon Smith, of Portland, by the Governor, the new official taking office May 15th, the policy and conduct of the Department from that date for the balance of the year was under the direction of the new Commissioner.

It is quite permissible at this juncture to refer to the efficient services rendered the State for nearly fourteen years in the Insurance Department as Deputy by Mr. Lang, the continuance of this service was greatly desired by the Commissioner but Mr. Lang had opportunity to make a highly advantageous business connection and tendered his resignation which became effective August 15th. On October 16th Commissioner Smith appointed as Deputy, Leon W. Helson of Portland, for many years in the actuarial department of a life insurance company.

GROWTH OF INSURANCE.

In every Department of Insurance, Life, Fire, Casualty and all the various branches the growth in comparison with the year preceding grows more impressive as we read, it may be added that to the present date in 1919 this same

wonderful expansion has continued, healthfully, progressively, soundly so with the vast power and interests it represents it is especially gratifying to know how minimized is the litigation or recourse to law, it is a tribute to the profession, to the high character of the men whose wise conduct of its interests has yielded the present high standards.

WORKMENS COMPENSATION.

Curiously as it may appear, to those whom it would ordinarily be expected to know something of its workings are quite uninformed of the important nature of the work performed by the Insurance Department in its relation with this form of insurance. It is the duty of the Department, to examine all proposed policies, determine the correctness of their conditions, to carefully note the premium rates are correctly charged, penalties or credits complied with, proper classifications obtain and no policy until so examined and approved by the Insurance Commissioner is valid. This work has grown to such proportions that it ranks third in service, (correspondence, conferences and the like), of the entire work of the Insurance Department; two permanent, frequently more, of the clerical staff assist in this work and if the normal increase of that form of business continues additional permanent assistance will be required. While the Insurance Commissioner is a member of the Industrial Accident Commission and as such is liable to sit with its other members upon special cases or the adjustment of medical claims he devotes much time to problems relating to rate making and classifications.

FIRE PREVENTION.

It has been said by leading experts on the subject that "Precaution is the greatest Fire Prevention Device," and in a careful analysis estimates are proven correct that sixty per cent of fires are preventable, many place the figures at seventy-five per cent. Little was done in 1918 in the direction of promulgating the necessary activity to make Fire Prevention impres-

sive to the point of cooperation of the people in general and until every one recognizes they are factors in assisting this great economic waste to be saved and avoided. An important program has been mapped out along definite lines for 1919 and greater attention given to publicity of the subject.

FIRE INVESTIGATIONS.

The investigations of Fires previous to the advent of the present commissioner, for the period ending July 1st, 1918, were under the direction of the Attorney General's Department, a new arrangement, with the approval of the Governor, mutually agreed upon by the Attorney General and Insurance Commissioner, this service was assumed by the Insurance Department as had obtained for many years. Therefore, beginning July 1st, 1918, all investigations of fires were in charge of the Insurance Department.

Unusual activity in this work has prevailed; while few convictions were secured, many arrests have been made. The moral effect has gone out the Department was determined to check if not stamp out incendiarism, has been strongly in evidence. It is a well known fact to secure convictions in arson cases the average jury demands evidence of an unusual type and although the Department has had the closest cooperation of County Attorneys, in several instances where evidence so overwhelmingly definite that for other forms of crimes would have yielded convictions, it seems to be a settled conclusion that in cases of arson where the penalty imposes the severest punishment, apparently does not obtain in cases of fire bugs.

Great difficulty has been encountered in the lower courts to secure commitments and opportunity to present cases for Grand Jury hearings but with results that have been developed and are presented in the pages following, the outcome of cases thus far in the current year the fire loss of Maine by incendiary crimes bids fair to become minimized.

The Department acknowledges with appreciation the fine support and assistance rendered by adjusters and fire insurance agents reporting suspicious cases, not always involving arson but fraudulent intent, in two cases of lumber fires large

sums of money have been disgorged by men who had misrepresented amount of services rendered, always in such cases where voluntary restitution of funds thus obtained no promise was made by the Insurance Department or the County Attorney of discontinuing action for punishment or the further investigation thereof. Such cooperation is of the highest value; in addition to the assistance thus rendered, the fire wardens, inspectors, fire chiefs and municipal officers have been prompt to attract the Department's attention to fires of "Unknown Causes," at times adding help and suggestions.

And, in this connection, to more promptly investigate cases and avoid travel expense, arrangements were made whereby investigators residing in various parts of the State are available for immediate service, in most cases in connection with the Sheriff's Department of the county in which the fires have occurred.

CO-OPERATION OF REPRESENTATIVE INSURANCE UNDERWRITERS AND THE INSURANCE DEPARTMENT.

It has been very gratifying and made pleasurable the work of the Commissioner by the cordial and courteous co-operation of the "men behind the guns" so far as relates to all the branches of insurance, the splendid spirit accorded the administration from the beginning of his term, invitations have been received by the Commissioner from practically all the prominent life, fire, both stock and mutual, accident and health, fraternal and semi insurance organizations to meet with them and the honor of addressing these bodies, meeting at close range, discussing various phases of insurance has proven helpful and inspiring, the hope is expressed that these "talks" may serve to avoid mistakes and understand the Department's attitude on any problems.

EXPANSION OF THE DEPARTMENT'S WORK.

That there was ample room for expansion in the matter of encouraging new companies who could fully qualify to enter Maine, thus creating larger business, and the employment of additional men of higher grade, but largely to spread more fully

the greater needs for larger lines of insurance. It is generally conceded and inquiries confirm the fact, both in life and fire insurance, large numbers are underinsured, thus with additional companies seeking business through competitive sources new fields will be developed and greater activity encouraged.

Letters of inquiry regarding the requirements under the law for admission to write business in Maine have been carefully answered, especial stress being employed to assure the most cordial cooperation of the Insurance Department. This method of building up to the highest peaks the Department of Insurance in this State cannot help but bear fruit in the future, it is good business and the spirit of the replies received to the Department's hearty invitation to consider the question of entering has been most satisfactory.

SETTLEMENT OF CLAIMS.

The wonderful showing of almost no litigation by persons vs life or fire companies when it is remembered to what vast extents the transactions cover is worthy of especial attention and note. Rarely, if ever, is the Department called upon to adjudicate claims of losses of this character, the bed of the Commissioner would be one of roses if this was to be regarded. It is in the adjustment, (voluminous correspondence, et al) of claims against accident and health companies and while these have seemed numberless still it is gratifying to note almost every case has been satisfactorily adjusted by the Department.

And, the most of these claims arise from one of two causes, delay in notice to Company or engaging in some occupation other than that in which the insured is classified, the latter often the change being temporarily.

A better understanding should exist as to these two questions and methods adopted to make the policy contract more fully known to the insured.