

SHALL THE STATE FIX AUTOMOBILE INSURANCE RATES?

Group of Mutuals Supports, Other Firms Oppose Rushton Bill.

AFFECTS CAR OWNERS

Mutuals Seek Protection; Others Say Competition Best Policy.

Lansing—Should the State of Michigan say what automobile owners shall pay insurance companies for fire, theft, collision, public liability and other automobile insurance, or not?

It's a question that interests every Michigan car owner. It was debated before the Michigan Senate Insurance Committee Tuesday night, March 24, by old-line and by mutual automobile insurance companies.

They debated the merits of Senate Bill No. 11, by Senator Rushton, which provides that the State Insurance Department shall fix the rates to be charged by automobile insurance companies.

Why This Bill?

Senate Bill No. 11 is supported sled-length by Michigan owned mutual and reciprocal automobile insurance companies, among them the Citizens Mutual of Howell, the Auto Owners of Lansing, Mutual of Traverse City, Detroit Automobile Club, Michigan Mutual Liability Company and others, represented by spokesmen at the hearing.

Opposed to the bill are 189 out of state automobile insurance companies, the Insurance Federation of Michigan, Michigan Ass'n of Insurance Agents, Michigan Manufacturers' Ass'n, and the Michigan State Farm Bureau, which is state agent for the State Farm Mutual Automobile Insurance Company of Bloomington, Ill.

Mutuals' Story

Spokesmen for 14 Michigan owned mutuals and reciprocal companies want the State to fix rates for all companies to provide "adequate and uniform rates"; they charged the old line stock companies with rate cutting which is ruinous to their mutuals; they charged old line companies with starting a rate war last May in Michigan, taking losses here and making them up in other states; they pointed out that Michigan mutuals must live on what they earn in Michigan; they asked that all companies be put on the same rates to preserve the Michigan mutual auto insurance companies.

Stock Companies' Reply

Old line stock company interests opposed to Senate Bill 11 declared that competition for business by the various companies should establish rates, not the State; they hinted that the bill is designed to raise all auto insurance rates so that certain companies may be able to build up weak cash reserves to where they should be; they admitted a drastic "rate reduction" to get business and sought to show the committee statistics to show their reduction was warranted. They denied rate cutting.

Farm Bureau Opposed

R. Wayne Newton, opposing the bill for the Michigan State Farm Bureau, stuck strictly to these principles: That the Farm Bureau favors giving the public any benefit that can be given through service or economy; that the State should see that policyholders get the service they buy; that the public should have the best price that insurance competition will bring; that the State should see that all companies have adequate reserves and let competition fix the price.

Bad Moments

Worst moments for 189 old time companies fighting the bill were in trying to explain why in May 1930 they filed a schedule of rates with the state "based on experience" and why 10 days later they cut collision rates 50% and fire and theft 25%. They announced the reduction in large advertisements in many papers throughout the State. These rates continue, and no doubt are largely the background of Senate Bill No. 11, which probably would result in higher rates, and certainly all rates on the same level.

Tough moments for the Michigan mutuals came when old line company men claimed that the bill is an effort to make all policyholders pay more in order to protect certain mutuals and build up their cash reserves.

In between the Michigan owned mutuals and the old line companies is the State Farm Mutual Automobile Insurance Company of Bloomington, Ill. The Michigan State Farm Bureau is state agent for Michigan, which has written some 64,000 applications in Michigan since October 1926, according to testimony given. This has been done in competition with both Michigan mutuals and old line companies. The Farm Bureau said in opposing Senate Bill No. 11 that it is willing to accept whatever hazards are involved in going to the public with the best price that competition will bring.

Mutuals Far Ahead

Testimony given by both sides indicated that mutuals in Michigan have been writing 85% of the automobile business and the 189 stock companies about 15%.

The Senate Insurance committee listened attentively and said little.

Senator Rushton, who offered the bill, sat with the Senate Insurance Committee and took part in the proceedings.

This was the first public hearing on the bill, which is still in the Senate committee, composed of Senators Cowan (chairman) Rushton (introduced the bill) Foster, Heidkamp, Orr, Gansser and Roxborough. Several members of the House committee on insurance took part in the hearing.

Milk is less likely to burn or stick to the bottom of the saucepan in which it is scalded if the pan is rinsed in cold water before the milk is poured into it.

Boost Gold Production, Hold Diamonds Back

Cape Town, S. Africa—While the world in general may be suffering from a depression, this has apparently no connection with the production of gold here, for in 1930 the total value of gold produced in the British empire was 309 1/2 million dollars, highest since 1915.

In the Kimberly district, north of here, production of nearly the entire world's supply of diamonds is artificially controlled, for the purpose of keeping the price up. If all the diamonds which are being grubbed from the earth were placed on

the market at one time, some experts estimate that the price would drop to such an extent that the possession of a huge "rock" would not indicate even moderate prosperity.

Natives not uncommonly kick up large diamonds with their bare toes, while working in the Kimberly district, but the supply which reaches the Amsterdam market is carefully controlled.

Never content yourself with doing your second best, however unimportant the occasion.—Gen. Sheridan.

The man who says "it can't be done" is liable to be interrupted by somebody doing it.

Blames Parrot For Public Funds Shortage

Baker, Ore.—Mrs. Emma Fowler, former La Grande city treasurer, charged with larceny of \$112,000 in public funds, says that a parrot in her office distracted her so much that she couldn't keep her books straight, and that's why it looks as though she is short in her accounts.

A. B. Cherry, La Grande city manager, said that he had stood over Mrs. Fowler's desk from time to time with the parrot on his shoulder, but said that it didn't disturb the former treasurer.

Wood's Malt Tax Bill Seeks Brucker Favor

Lansing—Speaker Ming wants a malt tax very badly to provide funds for a northern Michigan tuberculosis sanatorium. Gov. Brucker holds that taxing an important ingredient of home brew beer legally recognizes that which is illegal. It is known too that he would like very much to find \$1,500,000 which the State owes counties for care of tubercular patients, an item which is now in his deficit. Senator Wood's malt tax bill tries to win both men by providing payment of the \$1,500,000 deficit item first and building the northern sanatorium next.

It would license malt manufacturers \$1,000 annually, jobbers of malt \$500 and retailers \$25. Michigan has 28 malt manufacturers, and an inoperative malt tax because the Wayne county court held its rates were discriminatory.

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