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Bulletin de documentation⁽¹⁾

par

Monique Dumont⁽²⁾

The purpose of this review of insurance documents, prepared by Miss Dumont, Manager of the Documentation Centre of the Sodarcac Group, is to summarize the most pertinent articles collected over the preceding quarter. A monthly Bulletin containing the full-length review may be obtained at a cost of \$80 per year for Canadian orders and \$75 U.S. per year for foreign orders. Here are some excerpts of September, October and November 1985 Bulletins (Volume II, Nos. 9, 10 and 11).

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1. Extraits du numéro de Septembre 1985

Actualité juridique/Legal News

The increasing vulnerability of directors and officers in Canada. The Canadian experience is seen as possibly following directions set in the United States. Survey of some interesting cases, in particular *Sparling v. Royal Trust Ltd.* currently under appeal to the Supreme Court of Ontario.

(*Canadian Insurance*. August 1985)



La compagnie d'assurances Federal Insurance Co. n'aura plus à défendre devant les tribunaux les intérêts de Mines d'Amiante Bell. Federal a déjà versé \$12 millions au Canada et aux États-Unis.

Because the two parties had agreed on a ceiling clause, Quebec

⁽¹⁾ Nous publions, dans cette chronique, des extraits du *Bulletin mensuel des Assurances* de septembre, octobre et novembre 1985. Tout intéressé pourra obtenir les Bulletins complets paraissant tous les mois, au coût de \$80 par an (\$75 U.S. à l'étranger), en s'adressant au secrétariat de la Revue « Assurance ».

⁽²⁾ Mlle Dumont est directeur de la documentation chez Gérard Parizeau Ltée, membre du groupe Sodarcac.

Superior Court said the insurer is no longer legally obliged to defend Bell and its affiliate. Bell will almost certainly appeal the decision. (*La Presse, The Gazette*. 24 septembre 1985)



Gestion des risques/Risk Management

168 Covering political risk : experience required. Analysis of the three basic types of investment insurance available : expropriation, inconvertibility of currency, war risk. The special coverages : coverage against the « wrongful or unfair, calling of a guarantee and contract repudiation ». Some policies. (*The National Underwriter P/C*. August 23, 1985)



There are two lines of defence against threats to data processing. The first line covers the basic actions which are taken to avoid trouble, the second line is concerned with getting out of trouble. Contingency planning is concerned with the second line of defence, it assumes that a problem has occurred and considers ways of minimizing the effect and restoring normal operations. Contingency planning covers standby and recovery. Implementing and testing the contingency plan. (*Foresight*, September 1985)



Publicité et marketing/Marketing and Advertising

Marketing in the electronic era. The distribution revolution is accelerating with the development of electronic marketing, itself a result of the advent of the sophisticated buyer. Agents and companies must prepare for the challenge of the new era. The automated teller machine. Videotex. The customer base. The paperless era. The strategic marketing process. (*Best's Review P/C*. September 1985)



Réassurance/Reinsurance

Reinsurance : Financial Times (London) Survey. The reinsurance market is not in good shape. Company failures are predicted, but many worry that a withdrawal of underwriting capacity may not be enough to reverse the current adverse business cycle. Competitive conditions take toll. The New York Insurance Exchange : a pause after hectic expansion. Underwriting agencies : cautious approach taken by market. The Lloyd's market : keeping new rules to a minimum. The broking community : squeezed in the middle.
(*Financial Times*-London. September 9, 1985)

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The implications of ICA vs SCOR : conflicting clauses. The difficulties faced by reinsurers when they believe the claim of the original assured to be fraudulent and lack confidence in the ability of their reinsured to successfully resist liability towards the general assured.
(*The Review*. September 9, 1985)



Réassurance-Canada/Reinsurance in Canada

Canadian Reinsurance 1984. Canadian reinsurers with over Can. \$10 million net premiums. Breakdown of reinsurers business % (property, automobile, liability, other). Overall canadian market figures. Business breakdown by class. Canadian direct insurance groups. Business breakdown Canadian insurers.
(*Reinsurance Market Report*. September 1985)



2. Extraits du numéro d'Octobre 1985

Actuariat/Actuarial Science

Unisex : a double edged sword. It now appears that the use of sex distinct mortality tables which result in different pension plan benefits for men and women will not be permitted in most jurisdictions in Canada after 1986. This issue of Benefits Letter (Peat Marwick) investigates the pitfalls associated with the use of unisex mortality tables and discusses how the achievement of better pensions

for women can in fact be impeded by the elimination of sex distinction from mortality tables. The actuarial concepts behind annuities. (*Peat Marwick*, September 1985)



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First there were doctors, then the directors, then the accountants. Are insurance actuaries next on the malpractice hit list? Actuaries are coming under fire on a variety of points. Concerned, the Academy is moving to publish formal standards of practice for the profession.

(*Forbes*, October 21, 1985)



Assurance sur la vie/Life Insurance

Demand for all types of life insurance, including whole life, term, mortgage and group will increase in the US by about 10% through 1998 in inflation-adjusted dollar. The projection of the economist is based on estimates of income growth of 2.3 per cent per year and inflation of 4.5 per cent per year. However, ordinary insurance products will not fare as well through 1998.

(*The National Underwriter L/H*, October 5, 1985)



Assurances/Insurance

Lloyd's of London has suspended a record 199 members from underwriting with the world's biggest insurance market after they failed to meet solvency requirements. The suspended members belong to syndicates which are being wound up with record underwriting losses of about \$185-million US.

(*The Globe & Mail*, October 4, 1985)



L'assurance accidents et dommages en perte dans le monde entier. L'évolution de la sinistralité de 1979 à 1983. Les diverses bran-

ches d'assurance. L'évolution des taux de sinistre. L'ensemble des affaires. Les résultats techniques. Sources et bases statistiques. (*Sigma*, Septembre 1985)



What insurance adaptations are needed when an employer decides to place computer terminals in employees' homes out work to home workers.

(*Best's Underwriting Newsletter*, October 1985)

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Assurances-Canada/Insurance in Canada

The insurance industry is in a mess and will not recover fully from the deep and prolonged soft market it has recently experienced without some far-reaching structural changes, according to Arthur Despard, senior vice-president of Reed Stenhouse Ltd. The current situation is the result of a number of factors : these include the fact that insurance companies tend to be managed by accountants rather than insurance people, simple greed, the overzealousness of major brokers in going after portfolio growth, risk managers and consultants.

(*The Globe & Mail*, October 4, 1985)



Although 1985 will be far from profitable in Canada, it could see the bottom of the current underwriting cycle, according to Herbert J. Phillips of the Insurers Advisory Organization.

(*World Insurance Report*, October 10, 1985)



A study made by the Reinsurance Research Council of Canada of catastrophe costs since 1978 indicates that the frequency and severity of storms in Ontario and the Western provinces continues to increase. From 1978 to 1984, there were 35 catastrophes in Canada excluding Quebec with a burning cost on the net retained account of

3.034%. In the seven years 1976-82, there were 27 catastrophes with a burning cost of 2.297%.

(*International Insurance Monitor*, October 1985)



Assurances-États-Unis/Insurance-United States

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New commercial general liability policies. Occurrence vs. claims made. Provisions dealing with limits. How does this affect the umbrella. Defence coverage included in general aggregate limit. Conclusion.

(*John Liner Letter*, September 1985)



NAIC to study conduct of three insurers : INA of North America, a Cigna Corp. subsidiary ; National Union Fire Insurance Co., a NY based unit of AIG, and Colonial Penn Insurance Co., a subsidiary of Colonial Penn Group Inc.

(*Business Insurance*, October 14, 1985)



Huge Fireman's Fund issue could be a barnburner. The sale could fetch more than \$850-million (US) making it the largest initial public offering in the US history. The preparation has been just as massive. American Express bought Fireman's Fund in 1968. The worst days came in 1982 and 1983. Since then, American Express has been cleaning up Fireman's Fund. Nonetheless, there are many concerns among potential buyers.

(*The Globe & Mail*, October 22, 1985)



The US Congress has investigated new ways to provide coverage for the high risks area and averted future sharp swings in premium costs. Senator Danforth has proposed a bill that would establish uniform liability standards for products covered by insurance, speed up claims process and limit payouts. And Congress

could act as a reinsurer for high-risk businesses, granting private insurers guarantees against losses.

(*The Globe & Mail*, October 22, 1985)



Once again, the casualty insurance industry has been set back in its plans to introduce a radically new commercial liability policy in 1986. The latest reversal came at the hands of insurance commissioners and regulators from 17 states who met in Chicago.

(*Journal of Commerce*, October 21, 1985)

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Lloyd's of London will divide the big insurance buyer from the little one when it comes the time to write commercial general liability reinsurance on Jan. 1st. European reinsurers will surely back American direct writers who use the « claims made » form of the CGL for major corporations.

(*Journal of Commerce*, October 23, 1985)



3. Extraits du numéro de Novembre 1985

Compagnie d'assurances/Insurance Companies

Nationwide Insurance and Wausau Insurance Cos. agreed to affiliate. The marriage, subject to state regulatory approval, will create the fourth largest P/C insurance company in the USA. Wausau, after having lost \$207 million from operations in 1984, has slipped from a « B plus » or very good rating from AM Best Co.

(*Journal of Commerce*, November 7, 1985)



After seizing Mission Insurance Co., October 31, the California Insurance Dept says it also will seize MIC's five insurance subsidiaries if investor C.H. Lundner does not come through with additional funds previously promised. MIC was placed in conservation Octo-

ber 31 after the Dept. found it was insolvent by \$169.5 million as of August 31. USA.

(*Business Insurance*, November 11, 1985)



The Federal Superintendent of Insurance has taken control of the assets of United Canada Insurance Co., a unit of Carriers Insurance Co. of Des Moines, Iowa. The action follows a US order placing Carriers under control of a supervisor. Toronto-based United

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Canada, which specializes in insuring long-haul trucking fleets, had assets of \$19.4 million and liabilities of \$16.8 million at October 31. (*The Globe & Mail*, November 21, 1985)



Quebec trucking firms that carry insurance policies underwritten by United Canada Insurance Co. of Toronto have no cause for concern. Bob Bourassa, Montreal-based President, said the reinsurance with Carriers is the company's only problem and the company is in a profitable position.

(*The Gazette/The Globe & Mail*, November 22, 1985)



La Laurentienne va bientôt porter sa participation à 100% dans deux compagnies d'assurance américaines acquises au cours des derniers mois, la Prairie State et la Founders Life. Dans le domaine de l'assurance générale, La Laurentienne est toujours à la recherche d'acquisitions canadiennes afin de mieux équilibrer sa présence géographique et ses différentes gammes de produits offerts.

(*Le Devoir*, 22 novembre 1985)



Courtier d'assurances/Insurance Brokerage

Dale-Ross Holdings, de Toronto, a fait savoir que son actionnaire principal, Sodarcán Inc., compte lui vendre toutes les actions en circulation de Gérard Parizeau Ltée, ce qui portera la participation de Sodarcán dans Dale-Ross de 75% à 87%. Dale-Ross a de-

mandé à changer son nom en celui de Dale-Parizeau Inc. et compte déménager son siège social à Montréal.
(*La Presse*, 15 novembre 1985)



Brokers' revenues, earnings explode during third quarter. The publicly held insurance brokers, whose financial results began to rebound in the first quarter and surge ahead in the second, are now reporting explosive growth. All of the brokers reporting third quarter results posted strong revenues increases. In addition, all of the reporting brokers, except Frank B. Hall, reported their net income increased in the third quarter by more than 33%. The brokers primarily attribute their revenues gains to rate increases and a large influx of new business – US.

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(*Business Insurance*, November 11, 1985)



Corroon & Black reported operating earnings of \$22,373,000 for the first nine months, compared with \$13,482,000 a year ago. Per share earnings were \$2.52 for the nine months of 1985, compared with \$1.55 a year ago. Chairman Robert F. Corroon said he is confident that 1985 will exceed the company's best annual results.
(*Insurance Advocate*, November 16, 1985)

Lexique des assurances I.A.R.D. Bureau d'assurance du Canada et Office de la langue française. À Montréal ou à Québec. Avril 1985

On a là un lexique de type bien adapté à nos besoins. Il faut en féliciter l'Office de la langue française et le Bureau d'assurance du Canada qui l'ont commandé au cabinet Pierre Beaudry et Compagnie. Ce qu'il faut regretter, c'est qu'on n'ait pas songé à reconnaître les travaux antérieurs faits patiemment et avec un résultat qu'il aurait été intéressant de mentionner, croyons-nous.

Tel quel, il est un bon instrument de travail, qui s'ajoute à celui de l'Institut d'assurance du Canada.