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Bulletin de documentation⁽¹⁾

par

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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 December 1985 and January, February and March 1986 Bulletins (Volume II, No. 12 and Volume III, Nos. 1, 2 and 3).

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1. Extraits du numéro de Décembre 1985

Assurances-États Unis/Insurance in the US

The liability insurance problem in the U.S. has reached crisis proportions, and many experts believe that it threatens to shut down businesses and professionals who cannot afford to cover their risks. Basic services are jeopardized because people who provide those services cannot get commercial liability insurance or can't afford dramatically increased premiums. For average citizens, the crisis means higher prices on many consumer goods and service because of higher insurance costs.

(The Gazette, December 23, 1985)



⁽¹⁾ Nous publions, dans cette chronique, des extraits du *Bulletin mensuel des Assurances* de décembre 1985 et de janvier, février et mars 1986. 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 « *Assurances* ».

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The crunch in *liability insurance* capacity spilled over into the already troubled *property market*. Rising property rates of 50% became most apparent in this year's third quarter. Now the industry reports renewal rates for next year are up to 100 to 300 per cent for half the coverage. Lines especially hard hit include earthquake coverage, property flood coverage, all-risk property coverage.

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



330 **Assurances-Canada/Insurance in Canada**

Kwinter to tackle high insurance costs. The Ontario Task Force on Insurance is to investigate "cost and capacity problems in Ontario" and report in May. The minister is also scouting out new sources of insurance capacity, mainly through the proposed Canadian Insurance Exchange and the Ontario farm mutual insurance companies. The *no-fault* car insurance is explored as an approach to reduce the rising costs of court awards and other liability settlements. The insurer-operated Facility Association has agreed to insure trucks and commercial vehicles, albeit at a stiff price. A pool of companies is providing coverage for accidental spills of pollutants. For the *liability* problem, insurance reciprocals are considered in which large public bodies band together to take on big deductibles.

Depuis, le rapport a été présenté.

(*The Globe & Mail*, March 10, 1986)



Global liability policy leaves out U.S., Canada. *Zurich-American Insurance Cos.* in fact has even developed a special "foreign excess liability policy" that excluded any U.S. or Canadian losses but offers usually generous coverage otherwise. North American risks in today's litigious society have grown too great for P/C insurers to handle with confidence, according to the account development manager for Zurich-American international department.

(*Journal of Commerce*, March 4, 1986)



1986 forecast : results improving but liability problems still loom. There are signs that the industry's performance is improving after several bad years in succession. The coming year, however, may see continuing problems connected with the courts an excessive awards in case of *liability*.

(*Canadian Insurance*, February 1986)



Many *manufacturers* that can afford neither the high cost of insuring their products against consumers claims nor the risk of sending uninsured merchandise into the marketplace will simply be forced out of the business. The problem is particularly serious for *Canadian machinery* manufacturers selling in the U.S. MEMAC (Machinery and Equipment Manufacturers Association of Canada) is exploring ways to help producers. This could involve setting up group plans or a form of self-administered scheme.

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(*The Globe & Mail*, March 22, 1986)



2. Extraits du numéro de Janvier 1986

Actualité juridique/Legal news

Borland v. Muttersbach and others : the Court of Appeal, in a unanimous decision, has held, on the main issue, that the limit in the endorsement is not a per-person limit but an aggregate limit. The main issue in the case was whether each judgment creditor who fell within the definition of "insured person" in SEF #42 on the vehicle insured by Royal was an insured person who could enforce his rights separately against the insurer or whether the insured person was a group, the rights of which are determined by viewing the group as an entity.

(*IBC Bulletin No. 94*, Legal Division, December 30, 1985)



A recent decision of the Tax court of Canada should make *corporate directors* a trifle nervous. For the first time, a director has been held personally liable when his company failed to make payments to

Ottawa in respect of *taxes* withheld from employees' salaries. And the reasons for the judgment suggest that empty turning the day-to-day obligations over to be ostensibly competent employees will not get directors off the hook.

(*Financial Post*, 11/01/86)



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In the current furor over soaring liability insurance premiums, the courts have come under heavy fire from the insurance industry. But a number of cases have been appealed and the *Appeal Courts* are now overruling or modifying some of the lower court decisions. That could mean the insurance companies may be losing one of their stronger arguments for raising premiums. Analysis of some recent cases : Sundance Northwest Resorts, the Wigle case, the Borland case.

(*Financial Post*, 18/01/86)



Comparative Study of indemnities in Canadian and American Personal Injury Cases for the following categories of injury : quadriplegia ; paraplegia ; eye injuries ; amputation of one or more fingers ; amputation of arm and loss of use of arm ; amputation of one or both legs.

(*Assurances*, Janvier 1986)



Un *administrateur* de compagnie condamné pour non-remise de retenues à la source au fisc. Examen et précision quant à la portée de la loi de 1971. La responsabilité du contrôleur.

(*Les Affaires*, 18/01/86)



Une compagnie d'assurance ne peut invoquer des *clauses spécifiques* pour éviter une réclamation. Analyse de la cause Boulianne c. Compagnie d'assurance Canadienne provinciale.

(*Les Affaires*, 18/01/86)



Une *maison de courtage en valeurs mobilières* est reconnue coupable de négligence dans la vérification des documents de transactions et condamnée à payer plus de \$600,000 à un client. La compagnie ira en appel de cette décision. Il s'agit sans doute d'un des montants les plus importants accordés cette année dans ce domaine.

(*Les Affaires*, 18/01/86)

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Des jugements ontariens récents rendus en Ontario viennent mettre en lumière certaines dispositions du *Family Law Reform Act*. Analyse de quelques décisions.

(*Assurances*, Janvier 1986)



3. Extraits du numéro de Février 1986

Nouvelles acquisitions/New releases

1985-1986 General Insurance Register. Toronto : Stone & Cox, 1985. Property/casualty coverages and Services in Canada.

Asbestos : the private management of a public problem. Risk Management Reports, Vol XII no 5, 1985.

British Investment Register 1986. England : Rompass Publishers Ltd., 1986.

Canadian Almanac & Directory 1986. Toronto : Copp Clark Pitman, 1986.

Droit des assurances / Didier Lluelles. 2e éd. Montréal : Éditions Thémis, 1986.

Marine Insurance / E.R. Hardy Ivamy. Londres : Butterworths, 1985.

Ontario Task Force on Financial Institutions. Toronto : Minister of Consumer and Commercial Relations, December 1985. Final Report.

The proposed Canadian Insurance Exchange. The Insurance Exchange Implementation Committee Report.

Répertoire législatif 1985 de l'Assemblée nationale. Québec : Éditeur officiel, 1986.



Actualité/News in brief

334 Selon un groupe d'experts du gouvernement fédéral, le potentiel de risque lié à l'usage des *produits chimiques* au Canada est très élevé et les autorités gouvernementales, tout comme les producteurs et les utilisateurs de matières dangereuses, commencent à peine à identifier et à circonscrire la réalité de ces risques. Le document intitulé *Étude des répercussions de Bhopal : évaluation de la situation du Canada* applique la grille d'analyse tirée de cet accident au Canada.

(*Le Devoir*, 6 février 1986)



Il semble que les résultats de la réassurance, durant le premier trimestre de 1986, se soient améliorés aux États-Unis. Si l'on en juge par l'exemple de 70 réassureurs professionnels, par exemple, le taux de sinistres – frais d'administration – s'est élevé à 107.7 au lieu de 121.1. Mais est-ce temporaire ?

(*World Insurance Report*, 13 juin 1986)



Canada's largest liability insurer argues that *municipalities* and school boards must bear part of the blame for their well-publicized insurance woes. Roy Elms (Royal Insurance Co. of Canada) points the practice of many municipalities of putting their insurance contracts up for tender. Municipalities put a mistaken emphasis on the price of coverage, rather than the quality of the insurer that the coverage is with.

(*The Globe & Mail*, February 11, 1986)



Le Bureau d'assurance du Canada introduit de nouvelles formules d'assurance de responsabilité civile. Le Bulletin no 86-01 introduit les polices 2100, 2200, 2201, 2202, 2203 et 2204.

(*Bulletin du BAC*, no 86-01, 19 février 1986)



4. Extraits du numéro de Mars 1986

Assurance collective/Group insurance

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Le *Groupe Desjardins* offrira de l'assurance générale collective. Des automobilistes pourront profiter de meilleurs tarifs, grâce à leur appartenance à un groupe de travailleurs couverts, d'une façon ou d'une autre, par une institution du Mouvement Desjardins. L'assurance IARD de groupe permet à la fois d'obtenir une couverture de haut de gamme et une baisse de facture. Le Groupe Desjardins prévoit que 25% à 30% de l'assurance générale deviendra collective prochainement.

(*La Presse*, 20/03/86 ; *Les Affaires*, 15 mars 1986)



Assurance sur la vie/Life insurance

L'émergence du syndrome immuno-déficitaire acquis (*SIDA*) pourrait avoir de graves répercussions sur les primes de polices d'assurance-vie et sur les régimes d'assurances sur les médicaments. Le directeur médical de la London Life affirme que sa compagnie refuse d'assurer les victimes du SIDA. Le problème le plus difficile est sans contredit la longue période d'incubation du virus.

(*La Presse*, 20 mars 1986)



Assurances maritimes/Marine insurance

Review of the *Canadian Marine Insurance Market*. The author (Canadian Board of Marine Underwriters) explains why marine underwriters are displaying an air of confidence in 1986 after a year of difficult and highly competitive markets. St. Lawrence Seaway : the

Jalagodavari accident. The complicated claims and legal issues arising from the accident.

(*Canadian Insurance*, February 1986)



The London market's new *Marine Insurance Policies*. Discussion on the new Marine Insurance Clause promulgation by the Institute of London Underwriters and how they compare to the older forms used by both English and American marine insurers.

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(*CPCU Journal*, March 1986)



Compagnie captive/Captive Insurance Company

The resurgence of *group captives*, which means a captive with multiple ownership, generally more than eleven, sometimes with hundreds of owners. Why the resurgence? What kinds of group captives are being formed (primary coverage captives, excess capacity captives). Group captives problems and advantages. The long-term view.

(*Emphasis*, February 1986)



Courtier de réassurance/Reinsurance broker

Potential *liability* for reinsurance intermediaries : the *insolvencies* of insurance companies have resulted in financial pressures on reinsurance companies. They are causing financial problems for reinsurance intermediaries. At a minimum, intermediaries are left with fewer ceding companies to represent and with fewer reinsurance markets for the placement of business. In addition, some ceding companies are now looking to reinsurance intermediaries for answers as to why business was placed with a reinsurance market that is now insolvent.

(*Reinsurance*, March 1986)



Réassurance/Reinsurance

Primary and reinsurance markets anticipate a substantial revolution with the introduction of the *claims-made CGL contract*. Reinsurers are planning to let primary markets expose their net, or assume the whole of losses they continue to insure under provisions reinsurers have singled out. Allendale' and Kemper' stands.

(*The National Underwriter P/C*, March 7, 1986)



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Gestion des risques/Risk Management

Effects of the new *CGL* : Do your contracts still mean what they say ? Where the old language fails. The wording of standard insurance clauses must be reviewed in light of the changing coverage. Existing contracts should be reviewed. U.S.

(*Risk Management*, March 1986)



Risque informatique/Data processing insurance

As the computer industry grows, so do related crimes, study says. Several trends emerged from the analysis of *computer crime case* :

- Programmers commit the majority of computer crimes, followed by students and input clerks ;
- Commercial users comprise the largest group of computer crime victims, followed by banks, telecommunications companies, government agencies, individuals, computer companies, retail stores and universities ;
- Malicious tampering with computer systems and data costs owners an average of \$93,600 per incident. Thefts of programs or data costs an average of \$55,166 each. Outright monetary theft netted the criminal an average of \$10,517.

(*InfoWorld*, March 10, 1986)



Publicité-marketing/Marketing and advertising

Animal story : creating *individual A & H products* for target markets. Target marketing involves understanding the needs of a marketplace, finding a product that meets those needs, wrapping the product properly and finding a practitioner who speaks to the market. The packaging of the product is also important.

(*The National Underwriter P/C*, February 21, 1986)



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La Laurentienne lance le premier carrefour financier au Canada. Six entreprises de *services financiers* seront regroupées dans le carrefour situé au rez-de-chaussée de leur nouvel immeuble.

(*Les Affaires*, 8 mars 1986)



In-house publications making mark as ad tool. Companies trying to reach a target market are going beyond the conventional forms of advertising and producing publications that combine promotional material with editorial content. Companies are also producing magazines to inform their customers.

(*Financial Post*, March 6, 1986)



Megamarketing. Traditional marketing tools alone won't work in markets blocked by protectionist, cultural, and other barriers. Public relations techniques.

(*Harvard Business Review*, March-April 1986)