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## Bulletin de documentation (1)

par

Monique Dumont (2)

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*Each quarter, « Assurances » will publish a review of insurance documents prepared by Miss Monique Dumont, Manager of the Documentation Centre of the Sodarcane Group. The review will 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 \$60 per year including postage for Canadian orders and \$70 for foreign orders.*



### **Assurance – nouveaux marchés, produits / Insurance – new products, markets**

*Umbrella underwriters beware. Here are several points which umbrella underwriters should be aware of when writing potentially volatile coverage. Very few Canadian forms have been evaluated professionally to determine relative strengths and weaknesses. Some problems which can lead to a potentially dangerous situation : liberalization clause ; the problem of concurrency ; claims made vs occurrence ; the insolvency of underlying carriers.  
(Canadian Underwriter, December 1984)*

*The steep climb to recovery. On the eve of renewals for aviation, K. Bowring of CT Bowring, finds the past five years high losses should lead to a substantial improvement in rates and policy conditions, with direct underwriters looking to their reinsurers for support.  
(ReActions, December 1984)*

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(1) *The intent of the Documentation Centre of the Sodarcane Group is to summarize, in a few lines, the contents of the articles or books reviewed in this bulletin. The Centre is not responsible for the ideas expressed as it provides excerpts only of the original texts.*

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

Defining the scope of *political risk*. The term "country risk" is suggested to include both business and non-business risk as experienced by the overseas investor or exporter. The expansion of the private sector has filled many of the gaps left uncovered by Government agencies.

(*ReActions*, December 1984)

Major American *accounting firms* are expected to receive substantial professional liability insurance rate increases in June due to recent large out-of-court settlements by the so-called "Big Eight" accounting firms.

(*World Insurance Report*, 11.1.85)

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Firms hiked D & O limits during 1984, study says. Faced with an increasing number of lawsuits against their directors and officers, more U.S. businesses have purchased more D & O liability insurance, according to a newly released survey by the Wyatt Co. Study also examines D & O in Canada. The severity of Canadian claims is about one-third the severity of those filed in the US.

(*Business Insurance*, Jan. 21, 1985. Note : Copy of this Report is available at the Documentation Centre)

*Business interruption*. Analysis helps determine how much coverage is enough. Several steps are required to arrive at an adequate amount of insurance. Identification of these steps.

(*Business Insurance*, Jan. 21, 1985)

### **Assurance sur la vie – Actuariat, pension / Life Insurance, Pension & Benefits**

The drive to *merge* hits the Canadian Life industry. Why are so many mergers occurring in the life industry, in Canada, and what is their effect going to be for life agents. Survey of the recent mergers.

(*Canadian Insurance*, December 1984)

Life insurers need to develop sound strategies which reduce the cost of marketing while increasing retention significantly. Instead of a product proliferation selling thrust, insurance companies need to develop a *marketing strategy* that satisfies the needs of both the distribution system and the consumers. Such a strategy takes into account all of the marketing variables : product development, distribu-

tion, credit costs, advertising and sales promotion, selling, collections, retention and paying the claim.  
 (*Best's Review L/H*, December 1984)

### **Assurances au Canada / Insurance in Canada**

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A cat and mouse game. Most companies are looking anxiously at deteriorating results. Some of the pressure now being applied on what most see as a slowly tightening market is going to come from the *reinsurance companies*, which are now negotiating their treaty arrangements with primary insurers. Michael Sales (Canadian Reinsurance Group) believes that reinsurers are lowering the commission rates to primary insurers, charging for extended coverage once freely given, and setting stricter terms and limitations.  
 (*Best's Review*, P/C, December 1984)

Insurance companies are facing 1985 with some foreboding. Daniel Damov (Travelers) suggests 1985 may barely be a break-even year or even a year in which underwriting losses may offset investment income. The industry waits the fourth quarter results. The Quebec market should be fairly stable.  
 (*The Globe & Mail*, January 10, 1985)

### **Assurances aux États-Unis / Insurance in the U.S.A.**

Tough times in new year : insurers search for reinsurance ; buyers see rates rise, limits fall. Reinsurance brokers say they are finding about what they had expected : higher rates, more stringent conditions and, in some cases, a shortage of capacity. The rapidly *constricting reinsurance market* is causing direct insurers to boost some liability rates dramatically ; insurers slash the capacity they offer in some lines, especially for high-layer excess and umbrella liability coverage.  
 (*Business Insurance*, January 7, 1985)

Alarm over *malpractice*. The AMA fears a crisis in claims and insurance costs. In New York state, the Medical Malpractice Insurance Assn received approval by Superintendent to raise its medical malpractice insurance rate by 52.4 per cent, retroactive to the policy year beginning last July 1. A brain surgeon in Long Island will then pay \$100,000 for its insurance bill compared with \$70,000 a year ago. The ISO said a 47.3 per cent rate increase was filed and ap-

proved last year on physician, surgeon and dental medical malpractice.

(*Journal of Commerce*, Jan. 16, 1985 ; Tome, Jan. 28, 1985)

### **Assurances en France / Insurance in France**

Les vingt premiers groupes du marché français en 1983 selon les critères de l'activité, de la solvabilité et de la rentabilité. Assurance sur la vie et assurance des biens.

(*L'Argus*, 23-11-84)

### **Assurances en Grande-Bretagne / Insurance in the U.K.**

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*Trilon's* marketing plans for new *Fireman's Fund* still on drawing board. Given the *Trilon* emphasis on products aimed at individual investors, *Fireman's Fund* will be striving to gain a "greater interest" in automobile and residential insurance lines. In an initial step, *Fireman's Fund* has been given a name change to *Wellington Insurance Co.* *Trilon* believes *Wellington* can share some kind of "client utilization" with *London Life* to expand its market.

(*The Globe & Mail*, Jan. 11, 1985)

### **Réassurance / Reinsurance**

Reinsurance market report. Revision of terms on *proportional treaties* continues where, as in most cases, the account is not yet on a healthy basis when 1984 figures to date are considered. In this market one of the brokers' skills that is very important is the ability to judge on the terms on which the cover can be completed so as to secure sufficient backing. Non-proportional pricing is very firm and in all the difficult sectors of the market terms are being tightened.

(*Reinsurance Market Report*, December 1984)