

# NIXON PLANS DIVISION OF HOUSE ON MOTION FAVORING PLEBISCITE

Liberal Group Behind Him,  
Despite Convention  
Policy

COMING UP WEDNESDAY

Hon. Harry C. Nixon's resolution asking the Legislature to affirm its adherence to the principle of the plebiscite and the referendum, in connection with public voting on the liquor question, will, it is understood, be called by Premier George S. Henry next Wednesday.

Mr. Nixon proposes, it is understood, to divide the House on the resolution, and thereby secure the registered vote of every member.

The Liberal group, headed by William E. N. Sinclair, intends, it is said, to line up solidly behind Mr. Nixon, despite the "no-referendum" policy of the recent Provincial Liberal Convention. During the past few days there have been rumors around Queen's Park that one or two members of Mr. Sinclair's following might oppose the resolution, but this was denied to The Globe last night.

Another question which is much to the fore in Legislative corridors at the present time is the abolition of municipal income tax proposal embodied in the Assessment Act amendment of Arthur Ellis, Conservative, South Ottawa. A great deal of lobbying is said to be going on in connection with this measure, and Toronto members—all opposed to the bill, it is said, with perhaps a single exception—are "huddling" repeatedly on the matter.

Proponents of the bill are also bringing a lot of pressure to bear upon doubtful-minded members, and when the bill comes before the Committee on Municipal Law the argument it will precipitate will undoubtedly be strenuous as well as lengthy.

## Progress at Parley With City Legislators

Mayor Stewart, members of the Board of Control, and Aldermen from Wards 1 and 2 yesterday held a private conference with members of the Legislature and of the House of Commons to discuss with them Beaches development, protection of the Island shores, the elimination of all level crossings, a municipal airport, a bridge to the Island, income tax and other matters of importance to the city.

After the conference the Mayor expressed the opinion that some progress had been made in so far as the city was concerned. He stated also that the Board of Control and members of the House of Commons would meet on Tuesday to discuss these matters again, and to shape policy.

"I feel we have made some progress," said Mayor Stewart after he returned from the conferences.

## Supplementary Memorandum In Auto Insurance Rates Probe

Attorney-General William H. Price released for publication, over the weekend, the supplementary memorandum which was filed with him on Jan. 16, in connection with the Royal Commission Inquiry into the automobile insurance rates question by Hon. Mr. Justice Frank Hodgins, Commissioner.

The memorandum, which was referred to in the Legislature by the Attorney-General on March 6, is issued by way of explanation of certain points in Justice Hodgins's main report of his inquiry.

The memorandum follows in its entirety:

To the Honorable the Attorney-General:

In furtherance of your request, this memorandum gives a short explanation of some of the facts and figures in my report on automobile insurance premium rates, drawn from what is contained in the report itself. As figures and sometimes facts, out of their proper relation to other figures and facts, are apt to mislead, it is convenient to restate the explanation in such a way that what the figures really mean and the facts establish may be readily understood and their importance appreciated.

The losses which the bureau companies claimed to have suffered in 1927, 1928 and 1929, amounting to \$1,421,892, and those said to be suffered by all companies (including the above), namely, \$1,538,567, are taken from the bureau's exhibit No. 224. They include the losses on all classes of cars, i.e., private passenger and commercial cars, fleets, public vehicles, etc., and on all five coverages, i.e., public liability, property damage, collision, fire and theft.

The first total, \$1,421,892, is thus made up:

Private passenger cars.....	\$614,820
Commercial cars .....	280,108
Fleets .....	526,964

\$1,421,892

And the second total (\$1,538,567) thus:	
Private passenger cars .....	\$576,756
Commercial cars .....	329,534
Fleets .....	632,277

\$1,538,567

The comparable figures for the year 1929 only are \$255,210 and \$276,700, which indicates that more than four-fifths of the aggregate losses developed in the years 1927 and 1928 at the old lower rate level during a period when "rate-cutting" was general.

I was unable to arrive at any satisfactory conclusion as to the rates on commercial cars and fleets, public vehicles, etc., owing to the fact that no adequate record of experience existed (see report, page 47), so that I only dealt with that part of these totals which represented the losses on private passenger cars, i.e., \$614,820 and \$576,756. These are the figures for the three years 1927, 1928 and 1929, combined. The increased rates did not become effective until Feb. 1, 1929. The losses in the year 1929 were estimated and only claimed to be \$69,489 (Exhibit 225) on Bureau-insured cars and only \$40,488 on all cars insured by Bureau and non-Bureau companies, the difference being due to the fact that the non-Bureau companies apparently made a profit of \$29,001 (see Exhibits 224 and 225).

The following are the particulars shown in Exhibit 224 of how the \$40,488 is calculated by coverages:

Private Passenger Cars.		
	Loss	Profit
Public liability .....	\$11,883	
Property damage .....		\$19,354
Collision .....	40,642	
Fire .....	21,701	
Theft .....		14,384
	\$72,226	\$33,738
	33,738	
	\$40,488	

It is to be observed that these figures were calculated by the Bureau's actuary by comparing the "losses incurred" with the "loss provision in earned premiums" and not with the "loss provision in 1923 manual rates." While these premiums were stated to me to have been in fact collected by the Bureau companies at "Bureau rates," they were not of course collected by all the non-Bureau companies, most of which charged 10 or 15 per cent. less than the Bureau rates. Accordingly, the so-called loss of \$40,488 established nothing so far as the reasonableness of the 1929 rates fixed by the Bureau is concerned.

Rebates or discounts of 5 and 10 per cent. were allowed by the Bureau companies in case the insured took three or five coverages, respectively, which rebates or discounts, stated on page 69 of the report, amounted to \$125,564, or 3.4 per cent. of the premiums which

would have been charged if no discount had been given, i.e., the companies would have received \$3,701,853 in premiums, whereas they received \$3,576,289. These discounts, in my opinion, represented unfair discrimination against the small policyholders. In the aggregate, they total almost double the loss claimed to be suffered by the Bureau companies in 1929.

Further, the Bureau companies (doing in 1929 80 per cent. of the total business at Bureau rates, page 24) failed to account for what was done with the additional allowance for expenses in the 1929 rates provided by the 50 per cent. and 25 per cent. jump in rates on the public liability, property damage and collision coverages. This amounted, for example, to \$2.48 on each public liability \$16 premium, and to larger or smaller amounts on greater or lesser premiums, and produced a very large amount which, when calculated on the basis of 31 per cent. (the average increase over the 1928 rates) on the whole body of 1929 premiums for private passenger cars, commercial cars, fleets, etc., viz., \$8,272,684, yielded the sum of \$978,829. This additional expense provision (page 8 of the report) was not defended before me, and no basis of justification whatever was shown to me for any such addition. Of course, a large proportion of it went to agents and increased the amount of their commission (because the rate of commission remained the same notwithstanding the drastic increase in premium rates), but no explanation was forthcoming as to what became of the large additional sum provided for general administration and claim expenses, i.e., whether it was absorbed in the expenses of doing business or applied on losses. For these and other reasons I was unable to accept the figures of \$69,489 and \$40,488 at their face value, or as being the actual financial loss, and I so stated in my report at pages 31-32 and 50-51.

The ordinary owner of a single car, unless he is willing to take enough coverages to get the discount of 5 per cent. or 10 per cent., gets no reduction in the Bureau rates, nor did any one, so far as I have heard, get any benefit by