

You Bet Your Life!

How Much Will an Accident Cost You?

by **V. A. LESLIE AND T. J. QUINN**

HARRY DENTON was whistling as his four-year-old roadster rattled along the road. The boss had just given him a raise; business was picking up; and he was on his way in the dusk to see the one and only girl.

He swung around a curve. A milk truck loomed up in the opposite lane, and just then a car cut out from behind the truck. Harry jammed on the brakes, instinctively stuck out his hand, jerked it in again, reached for the emergency brake. God, wouldn't that line open up and let the idiot in? The shoulder was narrow, a railroad track below. He edged over to the right. His car hit the gravel, swerved to the left. The other car was on top of him; he ducked his head.

Crash!

WHO PAYS THE BILL?

MILLIONS of people have read "And Sudden Death." Hardly a day goes by but the newspapers feature a tragic accident.

**AUTOMOBILE FATALITIES REACH
HIGH PEAK OF 37,000 IN 1937**

**INCREASE IN AUTO ACCIDENTS
ATTRIBUTED TO ALCOHOL,
SAYS SAFETY EXPERT**

Such headlines and the appalling stories that accompany them are commonplace.

But who buries the dead? Who cares for their wives and children? How do the injured pay their hospital bills? Can the crippled re-establish themselves in the business world? These are the untold stories.

It sounds like an insurance man talking, doesn't it? But these are the hard, cold facts!

Remedial legislation has been tried. Speed limits, driving licenses, stop-and-go signals, boulevard "stop" streets followed one another in rapid succession. Recently, safety campaigns

have been emphasized. But such measures are ineffective. If they eliminated accidents, the problem would be solved. But accidents continue to increase.

The economic loss increases proportionately. Last year, it amounted to approximately \$1,660,000,000. Half this sum represented loss of life and injuries, the other half property damage. If apportioned equally, each of the 28,000,000 motorists in the country would have paid \$60 as his share. This is five times the average registration fee.

Who pays the bill? Someone does, directly or indirectly. Usually it is the injured party himself or his family, relatives, friends, or employer; sometimes private charity or the public relief agencies. Less frequently, it is the party causing the injury or an insurance company.

Twenty-five years ago, the motorist carried insurance as a matter of course. He was a man of means; he could ill afford the consequences of a damage suit. Such a suit might wreck his business; he might lose his home. Today the situation is quite different. The typical car owner is a wage earner. He has no appreciable assets; he cannot respond in damages. True, the injured person may obtain a judgment, but recovery is another matter.

This was demonstrated in a Columbia University study made in 1932. It showed that the injured party fails to collect any compensation in eight out of every ten accidents involving uninsured drivers, and he obtains only partial compensation in part of the remaining cases. The general conclusion was that the chances of recovering damages from uninsured motorists are negligible. Records of the National Bureau of Casualty and Surety Underwriters showed that three fourths of the motoring public carried no insurance at that time. The situation is probably not much different today.

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The great majority of injured persons cannot afford a retainer and court fees. They must enter into a contingent contract under which attorney and client usually share equally in the award. To obtain such an award, the injured person must not only prove negligence on the part of the driver but also demonstrate his own freedom from negligence. Competent witnesses are indispensable. Quite frequently there is none. Or witnesses may have left the scene of the accident before their names were obtained. Legal procedure is involved and time-consuming. Court records show that half of such cases are still unsettled at the end of six months. In cases which actually go to trial, the delay ranges from one to three years.

Other groups sustain economic loss. A Connecticut study showed that physicians maintaining offices near congested highways devote a great deal of time to accident victims. They scarcely ever are paid for such services and in addition they are required to attend court and give testimony without adequate compensation.

A garrulous driver expresses the viewpoint of many of the uninsured: "What the h——! It costs too much to insure. I'm a good driver. I've never had an accident in ten years of driving. I haven't anything. If anybody gets a judgment against me, I'll go through bankruptcy!"

Financial responsibility is rapidly becoming a social obligation. Attempts are continually being made to protect the public without unduly penalizing the motorist. The ideal is equitable distribution of the cost of accidents among all automobile owners. Some motorists with favorable operating records will object to such a program. Their opposition can be overcome by "experience rating."

THE FINANCIAL-RESPONSIBILITY LAW

THE FINANCIAL-RESPONSIBILITY law was the first attempt to solve this problem. It was originally adopted in Connecticut in 1925. It spread rapidly, now being in effect in 28 States.

Although these laws vary considerably in form and detail, they are similar in their essential features. A driver's license is suspended, and his registration plates recalled whenever he becomes involved in a serious accident or a major infraction of the traffic laws. His right to drive is not restored until he provides satis-

factory proof of his financial responsibility. If a judgment is obtained against him, he is prohibited from driving until it is satisfied.

The financial-responsibility law becomes operative only after the driver's first accident. State motor-vehicle administrators commonly refer to it as "locking the stable after the horse has been stolen." Such laws serve to emphasize the injustice of permitting a motorist to become involved in an accident before requiring him to provide proof of financial responsibility. In one State, proof of responsibility is not required until after the driver has had two minor accidents.

Although these laws tend to segregate careless drivers, this effect is only incidental. They are intended to penalize the motorist for past accidents and guarantee responsibility for future ones.

Serious problems arise in their administration. Constitutional difficulties hamper their effective enforcement. The motor-vehicle administrator was originally intended to exercise considerable discretion. The courts have held that administrative officers may not be permitted such latitude. Other questions of constitutionality remain undetermined. One is the standard provision for suspending a motorist's driving license until a court judgment is satisfied.

COMPULSORY INSURANCE

THE SECOND approach was compulsory insurance. It was adopted in Massachusetts in 1926.

This plan has been widely publicized. Under it, the car owner must file an insurance policy or a cash bond before registration plates are issued.

Objections are advanced to it. It encourages accidents. It increases the number of claims and burdens the courts with litigation. It increases insurance premiums. Then there is the political aspect. The State fixes insurance rates. Insurance companies are forced to assume risks which they consider unacceptable. Agents' commissions have been reduced. Agents are financing the purchase of automobile plates for their clients and are fostering installment payment of insurance premiums. Ambitious office seekers find the rate zoning system attractive.

The maze of conflicting evidence makes it

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exceedingly difficult to segregate the essential facts. The majority of commissions in other States which have investigated the Massachusetts plan have not been too favorably impressed.

Does compulsory insurance encourage accidents? Does it make drivers careless? What are the facts? The Massachusetts fatality rate is half the average for the country. Its record is better than that of any other New England State except Rhode Island.

Does compulsory insurance increase the number of claims? Massachusetts residents filed proportionately more claims even before adoption of compulsory insurance. But the average amount claimed was less than in other States, and this condition has continued.

Has it increased litigation? At first, court calendars were jammed. That difficulty has now been overcome by improvements in court procedure. In 1935, 2,000 fewer cases were entered than in 1925, the year before compulsory insurance became effective.

Court congestion may have been inevitable. Compulsory insurance unquestionably accelerated the normal increase in automobile accident litigation. In New York State these accidents account for 56 per cent of all litigation. A Connecticut commission believes compulsory insurance increases the number of claims because it makes motorists financially responsible.

Some fraudulent claims are filed in Massachusetts. Because the compulsory insurance does not cover property damage, unscrupulous motorists file claims for injuries such as "nervous shock" and "inability to keep mind on work." The money they obtain is used to repair damaged fenders and broken bumpers. Such spurious claims directly affect all motorists, through increased premium rates. The cost of investigating these small claims is disproportionately high, representing 36 cents of every premium dollar. A Maine legislative investigation indicated that unethical practices by the legal and medical professions have aggravated this condition.

Does compulsory insurance mean higher premiums? They have increased in Massachusetts. But they have increased in other States as well. In New Jersey the increase has been greater than in Massachusetts. In Connecticut it has been almost as great.

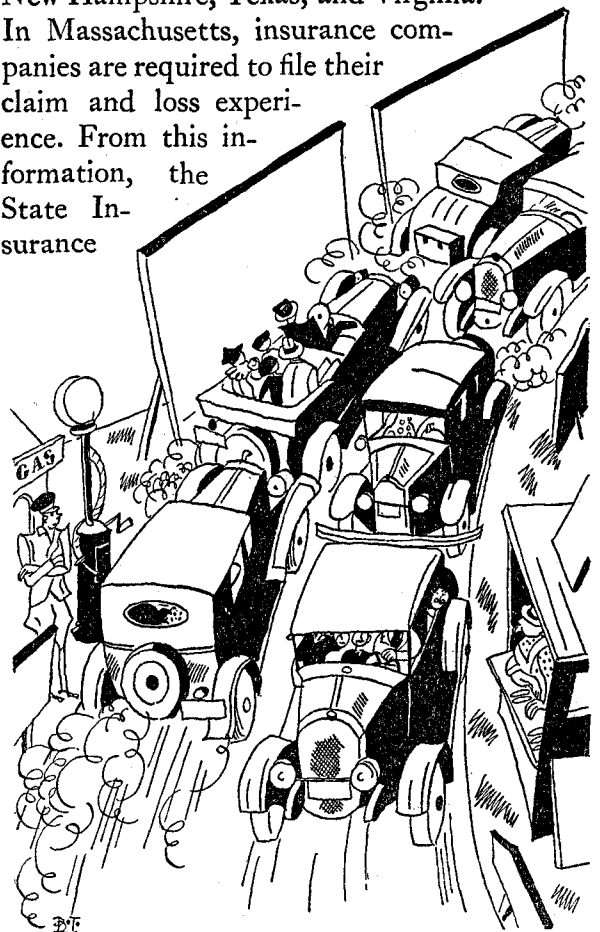
Insurance rates in Massachusetts are, in general, no higher than in the neighboring State of Connecticut. The rate in Springfield, Massachusetts, is \$40 as contrasted with \$42 in Hartford, Connecticut, a comparable commercial city. In Cambridge, Massachusetts, and New Haven, Connecticut, both college towns, the rate is \$54. In Lowell, Massachusetts, the rate is \$44 as compared with \$42 in New Britain, Connecticut, a comparable industrial city. In Waterbury, Connecticut, a similar industrial city, the rate is \$60.

More accurate rating is probably possible in Massachusetts because all cars are insured. Operators of insured vehicles represent a typical cross section of the motoring public. In other States, they usually constitute an above-average group in both driving skill and financial resources.

Countrywide adoption of the Massachusetts plan would impose an additional financial burden on motorists who now carry no insurance. Current estimates indicate it would cost them \$825,000,000 annually.

Massachusetts is one of the four States which set insurance rates. The other three are New Hampshire, Texas, and Virginia.

In Massachusetts, insurance companies are required to file their claim and loss experience. From this information, the State Insurance



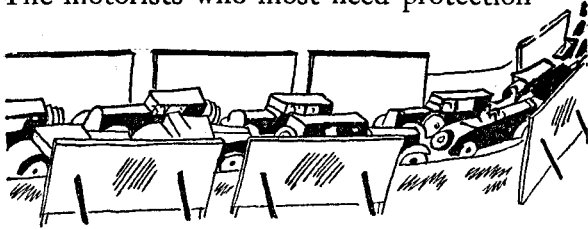
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Department determines the rates for the ensuing year. A Connecticut commission found this the most objectionable feature of the Massachusetts plan.

Government rate setting is not a necessary feature of compulsory insurance. Such insurance has been in effect in Great Britain since 1930, but the insurance companies still set their own rates.

Stock companies contend that the rates fixed by the Massachusetts Insurance Commissioner are inadequate to cover their costs of operation. But mutual companies pay policyholders sizable dividends. The largest mutual company operating in the state has paid twenty-per-cent dividends for the past several years.

In Massachusetts, the insurance companies are forced to assume risks which they consider unacceptable. Adequate underwriting profits depend on careful selection of risks. Extreme regard for this factor may, however, defeat the ultimate objective of insurance, which is public protection through distribution of losses. The motorists who most need protection



are probably undesirable underwriting risks. In Massachusetts, these less desirable risks are apportioned among the various companies in proportion to the relative volume of business transacted in the State.

Compulsory insurance directly affects the agents. In Massachusetts they originally favored it because it promised an immediate increase in premium volume. Subsequent experience diminished their enthusiasm. Agents' commissions were reduced from 25 per cent — still the figure in other States — to 12 per cent. The assumption was that the compulsory feature automatically eliminates much of the cost of solicitation.

To obtain additional business, and hold what they now have, agents have developed undesirable practices. Some agents advance prospective clients the money required for registering their automobiles. Others permit premium payments in installments.

Political considerations enter into determination of rating zones. Originally the State was divided into 21 zones, each with a different premium rate. Recently the number has been reduced to 9. Each zone contains several towns, and rates vary as between adjoining areas. Candidates for public office are prone to promise voters lower insurance rates if they are elected.

Massachusetts compulsory insurance has apparently accomplished the original objective of its sponsors. It has made drivers financially responsible. Many innocent persons have been compensated for injuries for which they otherwise would have been unable to collect damages. This plan may not reach all motorists or cover all injuries. But in February, 1937, a legislative committee recommended its adoption in Maine.

On September 1, 1937, New Hampshire inaugurated an unusually stringent financial-responsibility law which virtually requires compulsory insurance. Any owner possessing a car on which there is a lien or a mortgage and every driver involved in an accident causing personal injury or property damage in excess of \$25 must file an insurance policy with conventional five and ten limits or deposit securities in an equivalent amount.

ACCIDENT COMPENSATION

A COMPENSATION plan comparable to workmen's compensation has been suggested as a third possibility. It is being sponsored by a committee of prominent lawyers and civic leaders. Three possibilities exist: (1) insurance with a private company, (2) insurance with a State fund, or (3) both private insurance and a competitive State fund.

Such a plan is intended to provide adequate compensation and also eliminate the negligence factor. Its proponents also contend that it will minimize the delay in adjudication of accident claims.

A Connecticut commission believes this plan provides the ultimate solution to the problem of financial responsibility.

Medical and surgical care would be provided, and a cash compensation award made in the event of death or total disability. All losses, except those willfully incurred, would be covered, regardless of contributory negligence.

Such a trend already seems to be in evidence

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in Massachusetts. Studies made in Boston and Worcester show that insurance companies are becoming more lenient in their attitude toward contributory negligence.

Payment would be based on severity of injury and the earning capacity of the victim. Reasonable medical and funeral expenses would be allowed, subject to a maximum established by law. These questions would be decided by a State board, which it is believed would minimize costly delay.

It is estimated that the benefits now provided under the Massachusetts workmen's compensation law could be made available at 98 per cent of the current cost of compulsory liability insurance.

Legislative proposals in Connecticut and New Hampshire are first steps toward this goal. Increased registration and driving-license fees would be used to establish a State insurance fund. In Connecticut, it is estimated that a \$2 additional registration fee would provide \$750,000 annually. In New Hampshire, the driving-license fee would be increased \$1, and the registration fee \$5. Each motorist would be required to pay these additional fees before obtaining registration plates, unless he filed an insurance policy or posted a cash bond.

The cost of injuries or damage caused by a driver who had paid these fees would be met from the fund. He would be prohibited from registering or operating a motor vehicle until the fund was reimbursed.

Under the New Hampshire plan, claims for less than \$50 would not be considered. To discourage spurious claims, a filing fee of \$10 would be required. The claimant would automatically waive his right to sue for damages. Constitutional provisions customarily guarantee the right to sue in a court of law. Legislation permitting selection of one of two possible courses of action has, however, been upheld. In New Hampshire, claims would be limited to \$3,000 and in Connecticut to \$300.

Under the New Hampshire plan, cases would be heard by a three-man commission: the State insurance commissioner, the motor-vehicle administrator, and an assistant attorney general. These individuals would serve without pay, but would be allowed necessary traveling expenses.

Definite advantages are claimed for such a plan. It is expected to cost very little, thereby

appealing to the motorist of modest means. It would completely eliminate court litigation, thus speeding up appreciably the settlement of claims.

It is also contended that it will discourage spurious claims. A trial jury is always inclined to render sizable verdicts against insurance companies and well-to-do motorists. It is conceivable that competent administrative officials may be able to weigh the relative merits of individual cases more dispassionately. If these results are attained, fewer claims will be filed, and insurance rates will be reduced. A certain number of false claims are inevitable under such a plan, just as under workmen's compensation.

The plan will have political implications. The administrative commission will in all probability be appointed by the governor. The complicated Massachusetts zone rating system will, however, be unnecessary.

This plan embodies certain desirable features of the financial-responsibility law. The driver who fails to satisfy an award by the commission will be prohibited from driving. In this sense, it will be a safety measure.

Evolutionary development of the New Hampshire proposal probably leads ultimately to a full-fledged compensation plan. The latter completely abolishes the doctrine of contributory negligence, thus providing more adequate coverage than compulsory insurance.

REALITY

HARRY DENTON woke up in a strange bed in a strange room. He couldn't move. He was in excruciating pain.

After several days he was permitted to see visitors for a few minutes. His friends came, his mother and his girl, also his boss and his boss's lawyer. They told him his car was a total loss. The man who hit him had been drunk, and his license was suspended. Later it was revoked because he was financially irresponsible.

Six months after the accident, this victim left the hospital. One arm dangled at his side. He wasn't much good as a machinist now. He got another job — tending cars on a parking lot. He also broke his engagement.

The other driver was brokenhearted, and he wrote Harry a very sincere letter saying he was sorry.

Mobilizing the Innocents

Communism Behind the Scenes

by **JAMES RORTY**

IN 1917 EUGENE V. DEBS went to Atlanta for opposing the war which, in the proclamations of President Wilson, was to make the world safe for democracy against the menace of German militarism. Twenty years later Earl Browder, leader of the Communist Party of America and American representative of the Stalinist dictatorship in Russia, tells a red-hunting committee that he would gladly shoulder a gun in a war waged by our capitalist government, allied with other democratic nations, to make the world safe for democracy against the threat of German, Italian, and Japanese fascism.

Browder said that because the Moscow foreign office told him to say it. He has no other responsibility or function except to repeat and implement Stalin's directives. Today, those directives are to use every possible means of mobilizing labor, middle-class, and liberal-intellectual sentiment in support of Moscow's present strategy, which is to involve America in the next war on the side of the Soviet Union. In 1916 and 1917 it was the British propaganda service and the American bankers who, with their controlled press, played the role of Judas goat leading the bewildered masses of American workers and middle-class people, including middle-class pacifists, to the slaughter. Today it is the American Communist Party with its "solar system" of puppet "innocent clubs" and controlled organization which is playing this role — with savage intensity and utter unscrupulousness.

If you think of the Communist Party as a

negligible political faction of only 50,000 members, you have literally no conception of the spread, the influence, the present and probable future effectiveness of this effort. In his report to the eighth convention of the Communist Party of America in April, 1934, Browder said:

If we make a conservative estimate of the total membership of mass organizations around the Party and under its influence, allowing for possible duplication of membership, we will see that we have approximately 500,000 individual supporters in these organizations. Compared with the estimated 300,000 at the time of our 7th Convention (1930) this is not quite a doubling of our organized supporters.



It should be remembered that this gain was achieved during the Party's "third period" phase of intense sectarianism, guided by Stalin's brilliant discovery that everybody who was not a com-

munist or communist sympathizer — especially socialists and members of other radical opposition groups — was "objectively" a fascist. During this period Communist Party members and "stooges" wrought havoc throughout the American labor movement.

In 1934 the line changed. "Social-fascism" was discarded in favor of the "united front," with all and sundry against fascism; in due course the united front became the "people's front" and, finally, in France, the "national front," to which Communist leaders invite the adherence of avowed fascist elements.

In America, the Party has thrown overboard everything that Marx and Lenin ever thought, wrote, or did. Today, if one believes