

# Insurance industry being threatened

NEW YORK — The property and casualty industry is being weakened dangerously by loss of capital, the chairman of Continental Corp. of New York says.

"We have less capital today than we had at the end of 1972," John B. Ricker Jr., said.

"We are losing capital at a time when we need to increase our capital from the present level of \$22 billion to \$40 billion by 1985."

Ricker said the property and casualty industry needs to have about \$1 in capital for every \$3 worth of insurance premiums it collects, "and it appears that, at the present rate of growth of 11 per cent annually, we will need to write \$120 billion worth of insurance yearly by 1985."

Excessive and unrealistic regulation and some "fantastic" disincentives for writing insurance are drying up the industry's capital sources at the moment, Ricker said.

He said the "disincentives" to writing property and casualty insurance, unwisely mandated by state governments, will add up to \$900

million worth of losses this year and the trend is accelerating.

Ricker cited a law in the state of Hawaii that compels the companies to provide automobile insurance free of charge for 8,000 motorists who are on welfare — 5 per cent of whom have more than one car to the family. The cost of this mandated additional burden to the insurance companies operating in Hawaii is about \$217 per car per year, Ricker said.

The Hawaii legislature appointed a committee early last year to make a further study of this situation.

Ricker said the insurance com-

panies' lawyers had decided that the legislature had the right to mandate this free insurance for welfare clients so long as it allowed the companies to charge other motorists rates high enough to pay for the service.

Other mandated disincentives, he said, include laws and rulings requiring successful insurance companies to contribute to insolvency funds to be used to take over weak or mismanaged companies that get into financial difficulties.

"What worries me," Ricker said, "is that somewhere along the line we will have a house of cards situa-

tion wherein the failure of one large company will trigger a big chain of failures.

In theory, Ricker said, the insurance companies are supposed to be able to recapture all these mandated subsidies by passing them on to the public.

"But in the competition of the marketplace, we aren't able to do so," he said.

He said no other industry has been asked to carry the kind of legally mandated burdens that have been imposed on the insurance companies.

The solution, Ricker said, is for all

public social needs, including insurance for the needy, to be paid for directly by the government, not indirectly by private business.

Next, he said, the regulatory focus on the insurance industry should be returned to solvency of the companies rather than to pricing and consumerism.

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## Firemen trained in classrooms

Firemen's Training School evokes in most people around College Station and Bryan a vision of towering columns of smoke, or mountains of billowing flame into which firemen appear to walk.

It's much more, assures Chief Henry D. Smith, though the life-saving and life property-protecting tactics firemen learn at Brayton Field are vital.

The less glamorous and often overlooked facets of the mammoth schools are just as important.

In the last two years, fire service administrators have been in the classroom for the entire school, studying executive development concepts, along with other subjects.

Instructors like to point out that such training is just as important, because more and more fire service managers must work with local, state and federal government agencies, with mayors and city councilmen.

"Unless they have the expertise in management," one spokesman remarked, "the fire department — and the people it serves — will be shortchanged."

The 48th Firemen's Training School that starts July 25 has its less-noticeable segments too.

One is executive-type training for fire service staff officers, a level removed from the fire chief or marshal.

"These are people who will become fire chiefs and other top administrators," explained Chief Hershel Sharp of the Fire Protection Training Division. The Texas Engineering Extension Service division coordinates the three weeks of schools that this year expects 4,650 participants.

The students will attend classes on fire loads, fire flow, budgets, manpower utilization, techniques of training and preparation of specifications for fire department equipment. The FTS students who won't get smoke-grimed will go through a leadership problem, in which attitudes and motivations will be brought out.

"They'll learn how to give orders," Sharp said. A critical part of the all-classroom training will stress fire fighter safety. Twenty-six firemen have died in the line of duty in the last five years, which in survivor benefits alone amounts to a \$2.3 million loss to taxpayers.

Special instructors will come in for the training. They will include department chiefs at Dallas, Austin, Fort Worth and Abilene, Jim L. Badgett, training consultant with the Texas Commission of Fire Protection Personnel Standards and Education in Austin, will address the fledgling administrators.

At training sheds near where firemen will be struggling through smoke and mud with hoses, trainees will learn the operation and maintenance of pumps.

While doing it, they will rebuild four pumps that later will go back into use in Livingston, Bellville, Elkhart and Del Rio.

Tom Robertson of the FTS staff added that many such pieces of equipment have been revitalized and returned to the line while furnishing training at Texas Firemen's Training Schools.

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