

# Calendar No. 948.

64TH CONGRESS, }  
2d Session. }

SENATE.

{ REPORT  
No. 1057.

## BUREAU OF WAR-RISK INSURANCE.

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FEBRUARY 14 (calendar day, FEBRUARY 16), 1917.—Ordered to be printed.

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Mr. SIMMONS, from the Committee on Finance, submitted the following

### REPORT.

[To accompany H. R. 20082.]

The Committee on Finance, to whom was referred the bill (H. R. 20082) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, having considered the same, report it back to the Senate with the following amendment added as two new sections, and recommend that the bill as amended do pass:

SEC. 2. That section seven of the act of September second, nineteen hundred and fourteen, be, and is hereby, amended to read as follows:

"That for the purpose of paying losses accruing under the provisions of this act there is hereby appropriated, out of any money in the Treasury of the United States not otherwise appropriated, the sum of \$15,000,000."

SEC. 3. That all moneys received from premiums and from salvage shall be covered into the Treasury to the credit of the appropriations made for the payment of losses and be available for the purposes thereof.

There is attached hereto, as a part of this report, a letter from Hon. A. J. Peters, Assistant Secretary of the Treasury, containing statements with respect to the operation of the Bureau of War-Risk Insurance from September 2, 1914, to February 9, 1917, and suggesting and approving the amendments proposed by your committee.

There is also attached hereto the report of the House Committee on Interstate and Foreign Commerce, giving the reasons why the time for the suspension of the operation of the act authorizing the establishment of this bureau should be extended.

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TREASURY DEPARTMENT,  
OFFICE OF ASSISTANT SECRETARY,  
Washington, February 10, 1917.

DEAR SENATOR SIMMONS: In compliance with our conversation, I am submitting in writing the request that the money available for paying losses accruing under the provisions of the act creating the War-Risk Insurance Bureau be increased from \$5,000,000 to \$15,000,000.

The present international situation in this country has increased the demand for war-risk insurance. In the near future that demand may become even greater and the bureau be called on to meet substantial losses.

The bureau has at present available to meet losses the sum of a little over four and a half million dollars. There are risks outstanding to February 9, 1917, which amount to \$40,257,631.

The demand for insurance is at present active, and since February 1, 1917, the bureau has written insurance amounting to \$14,688,569. There are applications now before the bureau for insurance by companies operating steamship lines in the Western Hemisphere for the sum of \$39,988,569.

If this country becomes involved in hostilities it is absolutely essential for our commerce to have protection by war-risk insurance. Under the present limitations, where the total amount available is only about four and one-half million dollars, a few losses would quickly exhaust our resources and that protection cease. After the amount available, which is now about \$4,500,000, is expended, there will be no way for the bureau to meet its losses. The Government's war-risk insurance policies will not be accepted, the aid to commerce which the bureau now extends will cease, and the Government will be placed in a position of great embarrassment and humiliation. The nations now at war have government war-risk insurance, and the failure of our Government to provide insurance under the same conditions to American commerce would result in a great handicap to the operation of American ships.

I therefore suggest that section 7 of "An act establishing a Bureau of War-Risk Insurance," approved September 2, 1914, be amended to read as follows:

"That for the purpose of paying losses accruing under the provisions of this act there is hereby appropriated, out of any money in the Treasury of the United States not otherwise appropriated, the sum of \$15,000,000."

The House of Representatives has just passed a bill (H. R. 20082) which extends the operation of the act for one year from September next. If it seems advisable to the committee the above suggestion might be added as an amendment to the bill passed by the House.

A consideration of the figures given below indicates the success of the operation of the bureau and the great assistance it has rendered to the commerce of the country.

From September 2, 1914 to February 9, 1917, the bureau has written 1,988 policies:	
Total amount insured under these policies.....	\$223, 187, 683. 00
Premiums on same.....	3, 436, 457. 40
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Losses incurred on the above amount to.....	833, 924. 60
Salvage received on these losses.....	59, 055. 87
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Making net losses.....	774, 868. 73
The original act of September 2, 1914, made available for the payment of losses.....	5, 000, 000. 00
Of this sum there is now available for the payment of losses after adding premiums, approximately.....	4, 656, 682. 35
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Total profits of the bureau, after deducting losses, from September 2, 1914, to February 9, 1917.....	2, 602, 532. 80
To this must be added salvage received and covered into the Treasury of.....	59, 055. 87
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Making a total of.....	2, 661, 588. 67

Our commerce at the present time demands insurance from the bureau for so great an amount that it makes essential an increase of the amount of money available for paying losses of the bureau.

Respectfully,

A. J. PETERS, *Assistant Secretary.*

Hon. F. M. SIMMONS,  
*Chairman Finance Committee, United States Senate.*

(House Report No. 1378, Sixty-fourth Congress, Second session.)

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H. R. 20082) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, having considered the same, report thereon with a recommendation that it pass.

The bill has the approval of the Treasury Department, as will appear by the letter attached, and which is made a part of this report.

Attention is called to Document No. 1903, Sixty-fourth Congress, second session, which is herewith printed as a part of this report:

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
Washington, January 25, 1917.

Hon. WILLIAM O. ADAMSON,  
*Chairman Committee on Interstate and Foreign Commerce,  
House of Representatives, Washington, D. C.*

MY DEAR MR. CONGRESSMAN: I thank you for your communication of the 20th instant, inclosing copy of bill (H. R. 20082) to amend the act establishing the Bureau of War-Risk Insurance.

The bill meets the wishes of the department, and I shall appreciate your assistance in hastening its passage.

Faithfully, yours,

W. G. McADOO, *Secretary.*

P. S.—If there is any danger that this bill will not pass as a separate measure, would it not be well to have it attached to some appropriation bill? I wish you would consider this.

House Document No. 1903, Sixty-fourth Congress, second session.]

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
Washington, January 9, 1917.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: The Bureau of War-Risk Insurance expires by limitation of law on September 2, 1917, having received an extension of one year by Public Act No. 209 of the first session, Sixty-fourth Congress, approved August 11, 1916.

In my annual report to the Congress of December last, pages 8 and 9, I earnestly recommended an extension of the life of this bureau for another year, or until September 2, 1918, showing that if this should not be done and the Congress should not be in session September 2, 1917, when existing legislation for the bureau expires, it will be impossible to continue the war-risk insurance business, and that if the European war should be in progress the coming summer, the inability to grant war-risk insurance on American vessels, and cargoes in American vessels, will seriously injure the business and commerce of the country.

As this is a risk we ought not to take, I again strongly recommend that the Congress extend the life of this bureau until September 2, 1918.

Respectfully,

W. G. McADOO, *Secretary.*

