

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date June 28, 1940.To Chairman Eccles

Subject: _____

From Mr. Morrill

Yesterday in a telephone conversation you asked me about the study of the System's experience with insurance and I told you that I would inquire how far along it was. This morning I received from Mr. Smead a draft of a report to the Board setting forth the results of the study and, in the meantime, Mr. Smead has discussed it with Mr. Szymczak who now has the report on his desk.

Roughly, the System has spent about \$17,000,000 for insurance premiums of all kinds (exclusive of group insurance), of which claims collected from the insurance companies have aggregated about \$5,000,000, leaving an excess of premiums paid over claims collected of about \$12,000,000. Based on recent years the excess of premiums paid over claims collected would run somewhere between \$400,000 and \$500,000 a year.

The question of self-insurance has been considered by the Federal Reserve Banks from time to time and at one time a plan was prepared for System self-insurance but due to objection of a number of Federal Reserve Banks and also of Counsel for the Board it was not adopted.

