

THE DECLINE IN PRICES

Arthur Richmond Marsh, an authority on economics, discussing the recent decline in prices in his journal, *The Economic World*, expresses the opinion that the decline will not cease until every thing in the world, whether physical, property or human services, the exchange value of which is measured by a money price, has been brought within its scope.

Discussing the problems that will arise as a result of the decline in prices and which the insurance man must meet Mr. Marsh says:

"In this connection, however, it must be remembered that the very progress of change from higher to lower general market values brings with it certain problems of great complexity and difficulty for the property indemnity insurance—problems much harder to deal with than the opposite change from lower to higher market values. To begin with, the ever present problem of the moral hazard is vastly accentuated by an extensive shrinkage in the market worth of insured property with all its implications for the financial position of the owners of the property. But apart from this, all manner of intricate questions are necessarily raised by the very conditions that attend great price declines. For one thing, such declines are always extremely irregular and uneven, one kind of property or property in one place lagging far behind other kinds of property or property in other places in respect of the extent to which the decline in value has become effective at any given moment. This phase of the matter is illustrated at the present moment by the very wide disparities in value still existing between numerous kinds of goods in the wholesale and the same goods in the retail markets. It is illustrated also by such a fact as that, while the market value of ships in their entirety has fallen 30 or 40 per cent., the costs or repairs to damaged ships has as yet virtually not declined at all. The same question in a slightly different form arises in connection with the value (or valuation) of various kinds of used property—automobiles, for example. The selling value of a used automobile is today not only much below its original cost but also far less than it was but a few months since; yet the cost of repairing a damaged automobile is now practically as great as ever it was. In time, of course, the difficulties will be taken care of by the completion of the process of price adjustments; but in the meantime they may easily produce many uncomfortable situations for underwriters.

"In the domain of life insurance and in that of the liability and casualty insurances the effects of the general decline of prices will naturally be

much less immediately perceptible than in that of the property indemnity insurances. Yet here, too, in the long run a great change of general prices in a downward direction can scarcely fail to be reflected in the volume of business and in other directions. It is an economic principle that a certain balance or harmony tends to assert itself between any given price structure and the entire range of the economic activities of society. Thus, when the price level rises, all the insurance are bound to expand and the reverse is true when the price level falls."

PERSONALS

Mr. George Lyman the well known insurance broker, Montreal, has recently been appointed General Agent for the City of Montreal of the Essex & Suffolk Equitable Insurance Society Limited. This is a well known old English Company established in 1802, and is owned by the Atlas Assurance Company Limited under the Canadian management of Mr. R. R. Martin.

Mr. Lyman has also received the appointment as General Agent for Montreal and district for the Marine Department of the Phenix Insurance Company of Hartford. This department is under the management of Messrs. W. H. McGee & Company of New York for both the United States and Canada. In addition to the above appointments Mr. Lyman has been for some time the General Agent of the Equitable Fire and Marine Insurance Company of Providence, R.I., a subsidiary of the Phoenix of Hartford.

RETIREMENT OF HENRY EVANS

In connection with the retirement of Mr. Henry Evans from the presidency of the Continental, Fidelity-Phenix and the American Eagle Companies, it is understood that he proposes to assume the chairmanship of the boards of these companies, and that he will place at their head men who have grown up under his guidance and management. In that way he will still have control of the policies and management of the companies.

Mr. Evans has passed his sixtieth birthday, and has been in the insurance business forty-three years, which he entered as errand boy for the cashier of the Continental in New York. He believes that it is a mistake for a high official of a company to do work that can be done by someone else. By delegating detail work to some competent assistant, enables the higher official to give his attention to more important and weighty matters.