any checks which are likely to arrest it, in a state of society so different from that in which moral checks could be imposed by law or religion. Commerce and manufactures have provided the means for the importation of food, but science has not yet discovered the means of doubling the supply in geomerical ratio like the increase of population. —Rev. JAMES JOHNSTON, F. S. S.

## MR. SHEPPARD HOMANS

DENOUNCES THE BASIS OF THE HOMANS' PLAN:

In the discussions regarding the Homans' Plan, which have been carried on so freely in our columns, many authorities have been quoted by us, and we have great pleasure in now adding to the list the name of Mr. Sheppard Homans himself, who, as we will show, has endorsed and confirmed in the strongest manner possible, the position taken by us in regard to the plan which bears his name.

Our readers will remember that our main and almost only objection to the plan has been simply and solely that under it the members are a mere rope of sand, which may fall to pieces at the first breath of misfortune or even suspicion of it.

Mr. Homans and his advocates spoke in the following strain: "These deposits or investments (the reserve), "necessitated solely by the artificial level premium system, "are not absolutely necessary to secure life insurance. Re- "newable term insurance, on the other hand, involves no "deposit for mere accumulation or investment. The bank- "ing element is eliminated." (Mr. S. Homans in the INS. CHRONICLE, August, 1886.)

The journal of the Federal Life, "Equity," says that "if "there is no longer the need for it, a man may discontinue "his insurance and lose nothing. The company has charged "him only for the actual cost of the risk it assumed in each "year, and consequently has accumulated no money from "over-payments. He has borne his own burden as he has "gone along, owes the company nothing, and it owes him "nothing."

"After the policyholder has received his share of the "guaranty fund, (at the end of the first ten years) there is "nothing to forfeit in the event of lapse, excepting the un- "earned portion of the current mortuary premium" (Federal Life Circular.)

And even as regards this small guaranty fund we are told "a special reserve or guaranty fund, although a feature of "the system, is by no means considered to be a necessity!"

Our objection to this has been (as stated for instance in the INS. CHRONICLE for August, 1886) that "without some "hold on members by which to retain them in the company "the lapses will be enormously heavy and the mortality "much above the normal rates, and collapse must, therefore "follow just as with co-operative concerns." And again, (April, 1886) the Homans' plan "has not any firm hold on "its members, and thus cannot retain them when the small- "est trouble of any kind arises, nor when the premiums get "heavy from advancing age."

"It will no doubt be claimed as an offset to our view that "the setting aside of one-fourth of the mortuary fees as a "reserve will give the company a hold on the members, but "this is not so. Of what value in this connection is a de- "posit which it is officially stated will not exceed $2 per "year on new policies at age 35? When the premium in- creases by two, three or four dollars per annum, or more, "is a person going to pay this increase to save such a small "deposit? It is nonsense. We must remember too that "there is no reserve laid aside for policies over ten years "old. There will then be an exodus in truth. What is to "induce a man of sixty or sixty-five to continue, if he be a "good life, when he will have to pay a premium of forty, "fifty or sixty dollars for each thousand to do so, and knows "that the rates will rapidly get heavier, and that he will not "lose five cents by withdrawing? We venture to predict that "very few, if any, except invalids, will remain at this age." And then comes the "final collapse. (INS. CHRONICLE, April, 1886.)

The question to be decided, therefore, is simply and clearly: Can a company, without endangering its safety, permit its members to withdraw from it at will, allowing them to draw out in full whatever fund they have invested with it, or what is the same thing having no funds at all of theirs in its possession to act as a bond to retain them? Let us see now what Mr. Sheppard Homans has to say on this question.

In a report on Tontine insurance, made by Mr. Homans and Mr. Reinmund, to the Ohio Legislature, and dated as late as August 2nd, 1885, Mr. Homans makes the following statements over his own signature. They are just to the point, and are identical in substance with what we have always claimed. Here they are:—

"NO LIFE INSURANCE COMPANY COULD, WITHOUT ENDAN- "GERING ITS SAFETY, PERMIT POLICYHOLDERS TO WITHDRAW "AT WILL, IN CASH, THEIR FULL RESERVES, OR EVEN A "LARGE FRACTION THEREOF, IN CASE OF SURRENDER, BE- "CAUSE IN CASE OF A PANIC, FOR INSTANCE, RESULTING FROM "LOSSES IN INVESTMENTS, OR FROM EXCESSIVE MORTALITY "DURING AN EPIDEMIC, THE SOUND LIVES MIGHT WITHDRAW, "AND ONLY THE IMPAIRED LIVES MIGHT REMAIN. WITH- "OUT PROPER PENALTIES TO PREVENT SOUND LIVES FROM "WITHDRAWING, LIFE INSURANCE WOULD BE UNSAFE, AND "IN FACT IMPOSSIBLE." (Signed *Sheppard Homans.*) He then proceeds to further elaborate this fact.

This is in a nutshell precisely what we have been contending for all along. In fact we are quite willing to adopt even the exact words of Mr. Homans as our charge against his plan, and abide by them. There is no difference between them and our previous assertions.

Now we submit that our case has been proved absolutely and finally out of the mouth of Mr. Homans himself. The words could not be more definite or more to the point. But what are we to think of Mr. Homans himself after such an exposure? It cannot be that the few hundred dollars he would receive from the Ohio Legislature would so warp his judgment as to induce him to declare what he did not believe. As there is no mistaking the meaning of these words the only alternative is that he himself knows that his system of insurance is inherently weak and may burst up at any time.

## THE GOOD-WILL OF A GENERAL INSURANCE AGENCY.

The prominent case of Fire Association *vs.* J. H. Law & Co., formerly general agents of the plaintiff company at Cincinnati, has again been decided, upon appeal, by the U. S. Circuit Court at Cincinnati, the result being a reversal of the first trial, and judgment was given for the plaintiff. This ruling settles a point that has been for a long time at issue between companies and their agents, as to the right of a company to summarily remove an agent at any time where there is no special contract between the parties.

The Court says: "I simply state in connection with the case that in the opinion of the court this right of property, designated or described by the term 'good-will,' has no existence in the relation of master or servant, employer and employee, or principal and agent, that it does not have and cannot have any application to that class of cases."

But while, as between the company and the agent, there can be no such property as "good-will," yet as between the agent and a would be purchaser of his business, the right of a good-will therein, though but the "shadowy right of property" or an "incorporeal personality," has been frequently recognized, vague as it is, and the sale of such good-will held valid.