

PRIVATE DEBTS OF AGENTS.

On this somewhat interesting subject, a recent number of the "Commercial Bulletin" (New York) says:—

"Several times recently the question came up as to the responsibility of an insurance company where an agent had 'taken out in trade' all or a part of a premium, or owes some personal debt to an assured from whom the company is trying to collect direct. An insurance lawyer gives the following opinion on the subject:—

"It would be an absurd position to claim that the company was responsible for the private debts of an agent. The company is responsible only for the acts of the agent performed within the scope of his authority, and in the line of his official duty as an agent. When he acts in his personal capacity the company is not responsible for such acts. The rule of law is general and inflexible that an agent cannot pay his own debts with his principal's money; that a debt owing to the insured from the insurer's agent will not excuse the former from making a cash payment of the premium. And this even though the agent proposes that his personal debt be cancelled and the insured take credit for the amount in settlement of his premium.

"An agent cannot pay his own debts with the money of his principal, nor can he receive merchandise in payment of premiums unless authorized to do so by the company. If the insured delivers to the agent goods from his store to pay the premium on a policy, or gives him credit on account, and the agent subsequently fails to remit to the company the sum due, the policy will be without consideration, and in the event of loss could not be enforced. When, however, the premium is paid in money to the agent the case is otherwise. In that event the insured is charged with no responsibility in the matter.

"Unless objected to, currency, or even checks, drafts or bill of exchange will constitute payment; but the agent will not be presumed to have authority to accept merchandise on personal account. The distinction between the agent and his principal should be kept in view. The premium on a policy of insurance is the property of the latter and not of the former. Where the agent delivers a policy to a merchant with whom he has dealings, and to whom he is indebted for goods for the use of his family, and the premium by agreement is placed to the credit of his account, it is a fraud on the principal; and should a loss occur, the agent having failed to remit, the insurer will not be liable. The agent cannot appropriate to his own use the funds of his principal without a wrong being done the latter; and when merchandise is accepted in payment, or the premium is applied to buy a debt of any kind due to the insured, the latter becomes a party to the wrong and the company will not be bound.

"The foregoing quotations are an abstract of the

law in the case, supported by decisions of the United States Supreme Court and by the courts of last resort in many of the States."

THE INSURANCE EXPERT ON REBATING.

An esteemed correspondent in offering us his heartiest and best wishes for a Happy and prosperous New Year assures us that, "THE CHRONICLE has has done much for insurance, and has ever spoken with no uncertain sound in condemnation of rebate and other abuses." The long, practical experience of our correspondent gives much value to his judgment which we quote in full: "I sincerely hope that this noxious weed may be plucked up by the roots and thoroughly exterminated during this new century when Reform, in so many other lines, is the watchword. Let our companies employ only honest men, let the example set by those in authority be such as it ought to be; then, and not till then, can we hope for a cleansing of the Augean stables. This is my deliberate opinion, after fifteen years' field work as an agent. If anything I could say would encourage some of my brethren in the work to stem the current of abuses, my effort along the line would be amply repaid."

The able paper read before the Insurance Institute by Mr. B. Hal Brown names the weapon, which, if wielded to its full power, would utterly destroy the monster Rebate. That weapon is, "Uniformity of Practice."

While even one company recognizes rebating and encourages it by such formal recognition, the "noxious weed," as our correspondent calls this practice, will continue to extend its baneful influence. Farmers know too well, that one Canada thistle, if left to itself, will soon so spread as to ruin many acres.

Evil, in all forms, has a marvellous capacity of development, which good influences do not rival. The companies, therefore, must adopt a common line of policy directed to the entire prohibition of rebating, or they will all suffer by the lack of "uniformity of practice" in this matter. The Insurance Institute of Montreal might, with advantage, discuss the most feasible and effective methods requisite to be adopted to prevent rebating. When the managers have made up their minds that rebating must stop—it will be stopped, but not before.

Life assurance companies have an article to offer purchasers, which experience and rules based on scientific data prove to have a certain value, and, therefore, saleable at a certain price. This article, which is a life assurance policy, affords one of the most desirable investments any man can make. The purchase of a life policy gives more dignity to the buyers' position. Is it not derogatory to such an article and to the companies who provide it, that it should be peddled and dealt in like goods of doubtful value?