

NEW FORM OF DISABILITY CLAUSE.

The objections which have been raised by able and experienced life underwriters to the use of the disability clause in life insurance contracts appear to be regarded as of sufficient weight to prevent its general adoption. On the other hand, the companies which have experimented with the clause have not as yet found any good reason for discontinuing the experiment, while during the past year another Company has decided to incorporate the clause in its contracts on payment of a small additional premium, and its use has also received the approval of the Swiss government. In so far as the clause merely provides for the waiver of payment of premiums in the event of the total and permanent disability of the policyholder, the additional liability assumed by the Company would appear from the smallness of the extra premium charged for the benefit to be inconsiderable, though extended experience may demonstrate it to be greater than is generally assumed, and so with the moral hazard. It may be, therefore, that competition and the advantage which the clause offers as a talking point may ultimately lead to its general adoption in this more simple form of waiver of premium. But one of the non-participating companies has gone much farther than this and beginning with the present month has inserted in all its contracts a clause providing that, in the event of the total and permanent disability of the policyholder, caused either by accident or disease before the age of sixty, the contract will immediately mature and become payable in twenty instalments beginning at the end of six months after proof of disability, while, in the event of the death of the policyholder before all the instalments have been paid, the balance will be paid to his beneficiary. The increase in liability under this form of the clause—with which the Company has experimented in a somewhat different form for the past three years—is of course, much greater. Though if experience shows the use of such a clause safe, its adoption may be forced upon the participating companies, as the value of such a clause makes it decidedly attractive.—*Boston Standard*.

THE UNION LIFE ENQUIRY.

The investigation into the affairs of the defunct Union Life Assurance Company has been continued at Toronto this week. On Monday evidence was given regarding the Company's operations in 1909. Evidence was adduced showing that the returns of the Union Life to the Government in 1909 indicated a policyholders' surplus of \$142,254.45, but the Superintendent of Insurance had reduced this to \$27,507, the reduction being made on real estate. Mr. Symonds stated that the total loss of the Company that year amounted to \$122,985.87.

PROSPECTUS SEVERELY CRITICISED.

Tuesday was devoted to an analysis of the prospectus issued in England in 1910, through which the Company secured about \$750,000 English capital. A report very favorable to the issue and speaking very highly of the Company's prospects made by the assistant actuary of a large English industrial company was severely criticised by Mr. A. C. Masten,

K.C., acting on behalf of the Government, and by Mr. Kappeler, the Official Referee. It appears that this flotation in London cost the Company about \$150,000. Mr. Symonds, K.C., stated that when in London arranging for this issue he withheld no facts regarding the condition of the National Agency. It was shown in subsequent evidence that of the amount raised in London, the Union Life had made loans to various companies amounting to \$625,000, and according to Mr. George T. Clarkson, the present liquidator this amount has been lost.

The enquiry has been adjourned until November 17, for the attendance of Mr. H. Pollman Evans, formerly president of the Company.

THE LONDON UNDERWRITERS' AGREEMENT.

Some Difficulties in the Way of a Boycott of New Issues—Tempting Terms Usually too much for this Self-Denying Ordinance.

An interesting light on the much-talked-of agreement by London underwriters not to undertake any further new issues at the present time is thrown by a correspondent of the *London Economist*. It appears that this self-denying ordinance is not nearly so serious an affair as the cables would have us believe and that arrangements of this kind are always liable to be broken when a borrower comes forward with terms which are particularly tempting. "One loan after another," writes the correspondent, "has been left in the hands of the underwriters to a substantial extent, and the discounts which prevail on the prices of most of the recent emissions reflect the fact that the public have not yet absorbed the stock. Consequently, those who favour the idea of a boycott of new issues found listeners ready enough to entertain favorably—or, at any rate, kindly—the suggestion that their united action would be sufficient to place a bar upon the activities of the borrowers. Some kind of understanding was accordingly arrived at amongst a part of those who are engaged in the underwriting business, it being agreed, more or less informally, that these houses would undertake not to subscribe to any further new issues during the present year. Even amongst those who joined hands on this matter, however, it is probable that the difficulties confronting them are fully recognised. There are a great many firms who take a hand in underwriting, which, after all, is profitable enough on the whole, providing a useful remuneration to those occupying themselves in its various branches. It may be bad for business, since it adds competitors to the lists already available, already full to repletion of stock which fails to tempt the public. At the same time, if people are not making money out of existing securities, they argue that there is all the more excuse for compensating themselves by making a little out of underwriting. It only needs some fresh borrower to come forward with tempting terms for the self-denying ordinance to feel an exceedingly severe strain. Past experience has shown that self-sacrifice in this respect may snap at a critical moment. So far as the Stock Exchange is concerned, members are slightly amused at the idea of a boycott, considering it well-nigh impossible to carry out effectively. Still, they acknowledge that the circulation of the mere threat may be of some use in stemming the torrent of new stock."