

seduction of an agent from the service of a competing company by clandestine methods and by the offer of larger commissions, or equivalent inducements. That agents will now and then, for reasons satisfactory to themselves, seek to transfer their allegiance to some other company is natural and legitimate, and the business of nobody but that of the contracting parties, always provided that faith has been kept both by former employer and retiring employe. In the natural course of things a good many such changes will occur, as in all other kinds of business, and they will continue; but going fishing, with some "smart" special for hook and line and "big money" for bait, after the successful agents of another company is quite another thing.

But this stealing of agents involves something even worse, *i. e.*, the unsettling of the faith of the policyholder in his company and the "twisting" of him into another company, always at a loss to himself. When one company undertakes deliberately to induce by shady methods the agent of a competitor to enter its service, the question of how much of his former business he can transfer to its policy register is a leading one and never lost sight of. It is to the existence of this state of affairs that the business during the last few years owes such a large percentage of lapses. That it is in every way demoralizing and in the end unprofitable we need not stop to argue.

Of course the main question at the bottom of this new movement by Mr. Hyde is one of money, not of morals. The commission now paid for new business, as everybody well informed knows, is larger than ever paid before, and, as the stock quotations say, "with an upward tendency." Where no renewal commission is allowed—and the American companies have largely shorn their contracts of this feature—we all know that a pretty round commission on first year's premiums can be paid legitimately; but when, in order to get agents to get business, from 65 to 80 per cent. is freely allowed, the charge is more than the business will stand. This fact the company managers have for some time realized, but how to come down without losing the coveted "boom" for new business, so long as the "other fellow" sailed his balloon among the clouds, was a difficult question. Now of course the proposition for a general truce on the agent-stealing rumpus means a reduction of commissions. The companies, we believe, both in the States and in Canada, would be glad to see rebating stopped, and that it can be effectually if the agents will organize and co-operate with each other and with the companies, there is no shadow of doubt; it follows, therefore, that a reduction of commissions on first premiums in the interest of the companies may be made without injury to the interests of the agents, who, with no rebating, will get quite as much then for their labor as they are getting now.

The Investigator of Chicago gives a list of 25 mutual fire insurance companies (all but two Western), which, it says, is a "partial list of those which have failed, consolidated, made heavy assessments, or have been in financial distress during the year."

WALKERTON ON INSURANCE "MONOPOLIES."

Walkerton is in Ontario. It has a "Board of Trade." This Board of Trade is composed of wise men, and they have, through a committee of exceptionally wise men, made a discovery, the discovery which has also been made several times each year for the past twenty-five years by the wise men of small towns and villages like Walkerton, *viz.*, that the fire insurance business is a "grinding monopoly" and that these towns could, if they only would, in their corporate capacity run their own insurance machines at an *e-n-o-r-m-o-u-s* saving. This committee of the town of Walkerton have "reported,"—their gun being loaded to the muzzle with statistics. Of course statistics never lie—when accompanied with collateral and modifying facts; otherwise they do most generally lie outrageously. This committee first select 1889 with its premiums and losses in Canada as a specimen of the outrageous profits made by the insurance companies for the, to the committee, satisfactory reason that it was the most favorable year as to losses (one year, 1880, excepted) in 21 years, the loss ratio being 51.4 per cent., whereas for the 21 years it averaged 70.7 per cent. This latter fact had to be admitted by the committee, who proceed coolly to deduct the loss of the St. John fire in 1877, and thus bring the average loss ratio down to 63.3. While in the "paring down" business we wonder that the committee didn't deduct several other large fires in other years, which would have been quite as fair and quite as sensible.

There are just two things which these good people in Walkerton seem not to know. The first is, that the results to capital in fire insurance can only be determined by the experience of a series of years in a widely extended field; and the second is, that it costs something to transact all the business incidental to fire insurance. Experience throughout a long period, under the watchful eye of capital, has shown that the expense of management cannot be reckoned at less than 30 per cent. of the premiums on the average, and this is under rather than over the actual expense. Now, in the 21 years from 1869 to 1889 inclusive, the total fire insurance premiums received in Canada were \$80,002,000, and the losses \$56,610,852. Reckoning expenses at 30 per cent. of premiums we have a total of \$80,611,452 for losses and expenses, or a demonstration that the business during that time has resulted in a *loss* to the companies, on underwriting account, of \$609,452! The fact is, a large amount of capital is every year sunk in the fire insurance business, as the nearly a score of companies which have retired during 1890 in the United States alone clearly shows. The companies which have realized from time to time anything like a fair return on the capital invested have been obliged to look quite as much to income from invested funds as to underwriting for profits, and in many cases the former has been the only source of income above outgo.

Now, suppose Walkerton, or any other town, proceed to tax the people—supposing the corporation to have the legal power to do this—a portion of the amount paid now to the insurance companies in premiums, the