Notice

All persons are warned that trespassing on Beaubear's Island is strictly prohibited and any person who is found on the Island will be prosecuted.

O'BRIEN LTD.

July 13th, 1922. Nelson, N. B.
29-26

Trucking

I am prepared to do any and all kinds of trucking which you may require. Quick service and moderate charges. Phone 228 or arrange with me personally,

FINLAY COPP,
49-pd. Newcastle, N. B.

Merchants Should Get Guarantee as Mere Promises Not Dependable

The Retail Merchants' Underwriters' Agency of the Northwestern Mutual Fire Association has persistently side-tracked the lesson taught from over 60 years' experience in Canada as recorded by the Dominion Government, and have secured business in many towns by promising a rebate of 35 per cent. of the premiums to merchants and others who insured in their Association. A great many merchants, especially in the smaller towns more or less removed from direct sources of information, have been sufficiently impressed by the representatives of this institution to patronize them with their business during the past two years or more. In view of the promises and statements that have been made, it is very interesting to read a letter photographed in this issue. It has been predicted by well informed men who know the results of the operations of fire companies in Canada, that the promises made by this company could not be carried out for any length of time, as the figures reported by the various Insurance Departments of the Dominion and Provincial Governments would not warrant any such earnings as are indicated by these promised rebates.

The representatives of the Retail Merchants' Underwriters' Agency have had two principal arguments to put forward in support of their contention that the Stock companies rates were too high and to show how they were going to be able to return 35 per cent. of the premium.

1. The elimination of the Local Agent, thereby saving the Agent's commission.

2. The selection of their business only the choice risk being accepted.

First: Elimination of the local agent has not resulted in any material reduction in cost. The direct operating system, through branch offices, has been tried by many companies in past years, and as a rule, has been found satisfactory to the policyholders, as a large part of the services of fire insurance companies is rendered through the local agent. Through him, any endorsement or changes in the policy can be promptly attended to and the assured is advised on points affecting his contract under his policy. Another most valuable service is rendered by the local agent when losses occur, affecting oftentimes material results in the settlements.

By referring to the Dominion Government reports we have ascertained that the earned premiums in Canada for this company for the year 1920 were $66,195; the losses $41,121 and the expense $27,800; total outgo, $68,921. For 1921 the figures would appear to be earned premiums, $278,497; losses, $140,727 and expenses $141,318 making a total outgo of $282,045 against earned premiums of $278,497. It would appear, therefore, that no material saving in expense has been affected.

Second: Selection of choice business—The letter herein photographed intimates that, in order to pay even a reduced rate of dividend to policyholders, a better selection of the business written is necessary. Apart from this, and in view of the fact that practically all their busisess has been taken away from the Stock companies, one cannot conceive how they expect to improve on the results made by the Stock companies during years past. It is evident that they have been disappointed in the results so far attained and have been forced, even at this early date, to reduce the dividend which is charged to the poor selection in the past. What guarantee is there that any better results are to be attained in the future?

The photograph copy of a letter sent out by the Secretary of the Retail Merchants' Association at Winnipeg, reprinted on this page, withdrawing their support from the Canadian Hardware and Implement Underwriters' Agency, which commenced business in Canada about two or three years ago, would indicate that their operations have not been successful and the decision to withdraw the arrangement is the only logical conclusion.

There has always been very keen competition in the insurance business and numerous attempts have been made to reduce the premiums both by Mutual and Non-tariff organizations. Practically all the Non-tariff companies which have been formed in Western Canada have thus far met with dismal failure. The record of these companies are on file in the Isurance Departments of the various governments, and to any one who would investigate these records it must be seen that it would be very difficult, if not impossible, to make any material reduction in the premiums as charged by the Stock companies.

It is well known that the Canadian Hardware and Implement Underwriters' issues in Canada a joint policy for three American Mutuals, each taking one-third of all premiums and sharing equally in the losses and expenses. This syndicate is made up of the following companies: The Hardware Dealers' Mutual Fire Insurance Company, of Stephen's Point, Wisconsin; The Minnesota Implement Fire Insurance Company, of Owatonna, Minnesota; and The Retail Hardware Mutual Fire Insurance Company, of Minneapolis, Minnesota.

From the Dominion Government Reports, pages CLXXIV., we learn that their combined earned premiums for 1921 were $63,069. The combined loss and adjustment expense was $39,864, and the combined general expense, exclusive of any dividends to policyholders, was $59,917, or a total cash outgo of $99,781 against earned income of $63,069.

These figures speak for themselves and plainly demonstrate the correctness of many opinions expressed by prominent insurance officials and others when this concern started its operations in Canada. They have been writing the same class of retail store business as the Stock companies have written for many years, and the experience over the average must inevitably be much the same.

We commend the Retail Merchants' Association for having the courage to withdraw their endorsation so recently given to this company. We all know the old proverb about the "Shoemaker sticking to his last." The Retail Merchants' Association has done and is doing good work for its members along the lines to be expected of such an Association, but to undertake to endorse with their approval any insurance company is, we think rather outside their province.

Fire is a destructive agent, hard to control, and if a calamity happened to their other protege, the Retail Merchants' Underwriters' Agency', what could they say to the merchant who suffered through his reliance upon their advice.

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It is well to note in the letter the clause referring to the bad exposures and to the securing of better class of insurance risks which, they say, is necessary in **order that the reduced rate of dividend may be maintained**

The most attractive bait held out to the retail merchant has been the promised rebate at the end of the term. This has appealed to many country merchants during the past year or two when all were trying to reduce expenses in every way. It is an argument, more than any others, which has "cinched" the business. The notice of reduced dividends may be taken as a direct repudiation of the promises made to the merchant when he got his policy, and the direct statement of the possibility of further reduced dividends may be taken as a strong indication of what is likely to happen.

This letter also advises the assured that his policy is to be cancelled and that another policy which he holds will not be renewed when it expires in the course of a few days. It will be seen that the company is even going so far as to cancel its contracts, so that the retail merchant is not only confronted with a repudiation of the promises made to him with respect to the amount of rebate, but he cannot even depend on the carrying out of the contract which he has received in his policy.

It will be seen also that little confidence can be placed in any concern which, in the face of over 50 years recorded experience, starts out to undersell a market so long and well established in this particular commodity, Insurance.

The net results to the policyholder in this company we will recite as follows:

Inferior protection.
Materially reduced service.
Liability of assessment under certain conditions.
Reduced amount of dividend with suggestion that it may be further reduced.

He will also now appreciate the value of experience and sound practices as adopted by Stock companies.

Any persons who are now canvassed by representatives of this company should demand that any promises of dividends be made in writing. This is the least he can expect when he takes chances on the other features of interior protection, reduced service and assessment liability.

It will be interesting to watch the future developments.

HEROIC COMMANDER

High praise is being given to Commander Samuel Robinson, R N.R., the captain of the Canadian Pacific steamship Empress of Australia for his gallant spirit and skilful seamanship in the harbor of Yokohama at the time of the earthquake He not only brought those on board his vessel safely through the perils of the hour, but rescued many others. The first shock thrust the steamship away from the dock, and on this Captain Robinson remarked to an interviewer: "I had her shoved over again where we picked up as many as we could of those who had fallen into the water." This was only the beginning of terrors that the Empress of Australia passed through safely, thanks, in great measure, to the cool head and skilful hand of her commander.

ALL WOOL

When the merchant tells you that this piece of goods is nearly all wool you are mildly interested. It may be pretty good. But there is something shoddy about it When the merchant proves to you that another piece of goods is all wool, you are very much interested You will pay a high price for it, and will feel good about it. There are shoddy people too. They tell your friends it is all wool. You are pretty good in this way and fair in that, and quite good in another way. But they are not all wool. They contain streaks of cheaper goods. Put them under certain tests and they do very well. There are other tests under which they break down. Folks with good morals and no brains don't add much to the progress of civilization Neither do folks with good brains and no morals. The Great Merchant is in the market for all wool folks.