

ANOTHER INTER-INSURANCE FLAW.

One of the notable tendencies of the modern business world is to centralize and fix responsibility. The great corporations are giving individuals greater power than ever before, and then are holding them to strict accountability for the proper use of this opportunity. It is a strange anomaly that big business men, who believe in centralization of power under strict accountability, will deviate so widely from that principle by becoming members of inter-insurance concerns. One of the great flaws in the inter-insurance scheme is the fact that the underwriting manager is not an insuring or insured member of the concern, does not assume any risk, is not responsible for the payment of losses, and that his principal interest in the organization is the commission or salary he receives for running it. The big business man allows an outsider to bind him for an indefinite amount under contracts which involve a liability running for years, and entrusts his credit and financial solvency and insurance protection to an outsider who gets his money whether things go well or badly, who will lose nothing in case of loss and cannot be held responsible for results.

The cry of to-day is for directors that direct and for administrative officers who have their own stake in the business, and stand to win or lose with those who entrust the management of their affairs to them. It is quite possible that business men do not realize how widely inter-insurance concerns differ in this regard from the established principles of sound business management of the day.—*Insurance Post*.

PRINCIPLES OF INSURANCE.

The Macmillan Company of Canada has recently published two volumes of distinct interest, particularly to the younger members of the insurance profession,—“Principles of Insurance,” by Professor W. F. Gephart, professor of economics in Washington University, whose previously-issued insurance text-books are well known.

The present volumes are devoted respectively to life and fire insurance. In the presentation of the subject of life insurance the emphasis is placed upon the social and economic, rather than upon the mathematical, aspects. The treatment is essentially practical, and is the result of the author's wide experience in the business and teaching of the subject. The fire insurance volume contains a clear and concise discussion of the underlying principles and of the practical considerations which arise in the conduct of the business of fire insurance. It contains a detailed treatment of the problems which centre around the subject of rates and regulation by the state; and it includes also a discussion of such topics as the development of the business, the policy contract, the settlement of losses and the finances of fire insurance. The chapter on fire waste and fire prevention in their economic aspects and in their relation to the price of fire insurance is an especially valuable one. Both volumes can be recommended, particularly, as has been already indicated, to young insurance men who desire to enlarge their knowledge of the business.

The Bank of England continues its official rate of discount at 5 per cent.

IS YOUR PROSPECT CONSISTENT?

The man you are soliciting for life insurance, if a property owner, undoubtedly carries fire insurance—the property owner who doesn't is an oddity. You will likely hit the nail squarely on the head if you remind him that he took out his fire insurance *without* the solicitation of an agent; that he took out a sufficient amount; that he expects to pay the premium so long as he owns the property, and that he will be perfectly satisfied if he never gets a cent of the premium back because of a fire. Go further then and show him why a sufficient amount of life insurance is even more important than of fire insurance. Point out that destroyed property, whether insured or not, *can* eventually be replaced by the owner through thrift, ambition, and hard work, even though the fire may have left him penniless. But how about life? Figuratively, it is *property* in the highest sense because it is a producer of income. It differs from other forms of property in that when destroyed it can *never* be restored, and in case of death the difference in the value of the life and the amount of insurance thereon represents a total and irretrievable loss to the beneficiaries, who are its potential owners.—*Mutual Life of N. Y.*

A SUGGESTION FOR INVESTMENT POLICY.

It is pointed out by the Insurance News of Manchester that the problem of investments is one of the most important the British insurance companies have to face. The chief lesson taught by an experience dating back twenty years, or, to speak more definitely, from the period of the Boer war, suggests the News, is the unwisdom of locking up large sums in irredeemable securities. The theory in future should be to make advances for limited terms.

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SELECTION OF AUDITORS UNDER SECTION 56 OF THE BANK ACT

NOTICE is hereby given that the General Managers of the Chartered Banks intend to select by ballot not less than forty persons who shall be eligible, subject to the approval of the Honourable the Minister of Finance, to be appointed auditors under the provisions of The Bank Act for the ensuing year. The names of all persons selected in 1916 will be placed in nomination without fresh application. Other applications should be made in writing to the Secretary of The Canadian Bankers' Association, National Trust Building, Montreal, not later than the 30th day of May, 1917.

E. L. PEASE, President,
THE CANADIAN BANKERS' ASSOCIATION.

Montreal, May 19th, 1917.