

**INSURANCE RETALIATION.**

The action taken by the Prussian authorities, to squeeze out such American life insurance companies as were transacting business in that section of the German Empire, was commented upon in President Cleveland's address read before Congress and the Senate on the 3rd inst. His remarks were on the same line as those of the Marquis of Salisbury at the Mansion House, in reference to the situation in Turkey. The English Premier laid down certain principles as those guiding the policy of Great Britain, with a clear intimation that they would be enforced if Turkey were obstinate in denying the reforms asked for regarding Armenians. In the same way the President set forth the general principles upon which international trade relations should be conducted, the non observance of which would justify retaliation. He said: "International trade cannot be one-sided. In our dealings with other nations we ought to be open-handed and scrupulously fair. These considerations should not, however, constrain us to submit to unfair discrimination, nor to silently acquiesce in vexatious hindrances to the enjoyment of our share of the legitimate advantages of proper trade relations. If an examination of the situation suggests such measures on our part as would involve restrictions similar to those from which we suffer, the way to such a course is easy. It should, however, by no means be lightly entered upon, since the necessity for such a policy would be regretted by the best sentiment of our people, and because it, naturally and logically, might lead to consequences of the gravest character." The President added some very strong words, declaring the American people to entertain most generous ideas in regard to reciprocal trade relations, respecting the accuracy of which some will entertain doubts in view of the prohibitive nature of Tariffs which have been, and yet seem to be, popular in the United States. The position then is this, the American life insurance companies have been practically driven out of Prussia, and to give the Germans a "Roland" for their "Oliver" a movement is afoot to compel the retirement from the States of such Prussian insurance companies as are doing business therein. Superintendent Pierce, chief of the New York insurance department, has declined to recognize the certificate of the Prussian authorities given to the Magdeburg Company for the purpose of meeting the requirements of the New York Insurance Code. This refusal is inspired by the refusal of the Prussian Insurance Department to recognize Mr. Pierce's certificate given to American companies to enable them to comply with the law of that country. As the German officials took the initiative in discourtesy, they cannot justly complain of their example being followed. The Prussian law in regard to deposits made by foreign companies were far more onerous than those of the United States, and the deposits of the American companies were some millions in excess of their local liabilities. After meeting the severe requirements of the Prussian authorities in this respect, others were successively imposed, until it became manifest that nothing short of their absolute retirement from the field would be satisfactory, and the New York Life, the Equitable, and Mutual

Life at last closed up in Prussia under this pressure. Prior to Mr. Pierce's action against the Magdeburg, Mr. Waddill, Superintendent of the Missouri Insurance Department of St. Louis, had notified the Manager of the Prussian National, doing business in that State, of his intention to refuse renewal of their authority to operate in Missouri, "unless the action of the Prussian government is modified, and just treatment accorded to American companies having large interests in Prussia and other parts of the German Empire." Other State superintendents are expected to follow suit, the result of which will be the entire exclusion of German insurance companies from the United States field, where, more especially in the Western States, these institutions do a very extensive business, the population in those parts being largely Teutonic. The quarrel is much to be regretted in the general interests of both fire and life insurance, for the more restricted is the area within which a company operates, the more is the fundamental basis of insurance weakened. The wider the field the more steady and reliable are the averages which are required for guidance in fixing the terms on which the companies can do a profitable business. The Prussian companies are not wise in desiring to have their risks confined to their own locality. Apart from the mere extent of business they are likely to be deprived of in the United States, they can hardly fail to suffer from the restriction they are bringing on themselves by provoking retaliation. President Cleveland speaks of insurance as a form of "trade"; this is correct only in a limited sense, as there is a mutuality of interests in insurance business which does not exist, or exists only to a small extent, in the ordinary mercantile enterprises of different nations. The American companies which operate in Prussia place their vast capital, their great experience, their enterprising methods, at the service of the people of that country. If the local companies are unable to compete with foreign ones, there must be some serious defects in their organization and management, as, were these equal in strength, and prudence, and vigor to those of foreign companies, the native ones would have an enormous advantage from the natural preference of the people for native enterprises, other things, as we have said, being equal in attractiveness.

The Chancellor of the German Empire is to be petitioned to re-admit the Mutual Life to do business in Prussia, where its operations are prohibited. The petition is being signed by the prominent German business men of New York. The movement afoot against the Magdeburg is likely to prejudice this petition. The *Cologne Gazette* says "if United States insurance companies would submit to the laws imposed in Prussia on all companies, the restriction would cease." The President of the New York Life states most positively that, his company had complied with all the requirements of the Prussian law, and that nothing short of withdrawal would satisfy the authorities. The Prussian authorities have made a false move, but, although the provocation is so great as to justify retaliation, we are not satisfied of its being wise to adopt this course. A distinguished statesman, referring to a similar situation, said of certain persons who wished to iso-