

DECEPTION IN SOLICITING.

To overcome deception on the part of agents, he recommended that insurance companies should be required to use great care in selecting solicitors, and to report to the insurance departments the names of those who have been found engaging in fraud or deception, or who are known to be dishonest. Men of bad character and reputation should not be permitted to carry the certificate of the state insurance department.

POLICY CONTRACTS.

As to policy contracts he believed that the interests of the insuring public demanded that all life companies be required to furnish a printed description, over the signature of the President, fully explaining in the simplest possible language the plan of insurance and the vital features of the contract. This description should be delivered to and acknowledged by the insured and, if possible, by the beneficiary. The solicitor should be made to conform to this description in soliciting the risk.

He maintained that the extent to which the public is deceived in the advertising matter used by some companies justifies insurance departments in making a careful examination into the literature used in each state.

PADDED ASSETS.

It is bad enough for solicitors to deceive people by mistating the financial condition of a company, but it is a much graver offense for the officers themselves to juggle their reports and pad their assets to accomplish that same purpose. A close examination of annual statements will disclose some of these abuses, but to reach them all it is necessary to give this feature careful attention in making examinations. When a company is found guilty of reporting padded assets the information should be promptly given to the public.

FALSE ESTIMATES AND SPECIAL CONTRACTS.

The most successful plan to deceive the public in new insurance promotions has been found in the promise of large profits in addition to the insurance. The desire to get rich quick, and to get something for nothing, is the human weakness upon which the promoter plays, but experience has shown that the only one who gets something for nothing, and who also gets rich quick, is the promoter himself.

Special contracts and the stock of the insurance company, of the securities company, or of the agency corporation are all sold or placed with prospects or policy-holders, with promises of extraordinary profits, which are, of course, to act as a reduction of the premium.

DECEPTION IN FRATERNAL INSURANCE.

Fraternal insurance in the broad sense is deceptive and misleading, because it promises the people permanent insurance and gives them only temporary insurance.

Old line life insurance in the United States have (not including industrials) about ten billion dollars of insurance in force, which the law compels them to protect by a reserve fund. The fraternal orders have about eight billion dollars of life insurance in force which the law does not require them to protect by a reserve fund. The reserve

alone of old line companies averages about \$215 per \$1,000 of insurance, while the total assets of the fraternal orders average but about \$9.40 per \$1,000 of insurance.

INSURANCE DEPARTMENTS.

The lesson of the New York disclosures has not been entirely lost upon the insurance departments. A general awakening seems to have taken place all along the line.

Mr. Rittenhouse emphasized the principle, however, that State supervision does not mean that the Insurance Commissioners must undertake to manage the insurance companies, but he was no less firm in stating that it does mean that when companies are found to be using deceptive methods, misusing funds, or violating the law, they must be ordered to correct the abuses, and the facts be given to the public. The people are surely entitled to know these things. They pay the bill. The policy-holders pay for the insurance. They also pay the wages and expenses of the man who solicits them, and last year they paid through the companies in the United States in fees and taxes to insurance departments at the rate of a million dollars per month. "What right have we" he asked, "to gather this information and stow it away as a department secret? To do so is not only an injustice to the public, but to the companies which are keeping the faith and dealing fairly and honestly with the people."

He admitted that it is possible that here and there a Commissioner might be found who would take up trivial errors and oversights and magnify their importance before the public, but he believes that insurance men are in no more danger from unjust Commissioners than they are from unjust judges or other officers selected under the United States political system.

Possibly the Canadian reader of the Richmond speech may think this latter assurance a not altogether convincing argument for any ultra-paternalistic powers being granted to State Commissioners.

UNITED ACTION ASKED.

In closing, Mr. Rittenhouse said that what he was contending for was the practical and systematic application of the publicity cure. The Insurance Commissioners had provided a uniform method of reporting to the departments, and in these blanks, so far as possible, they had worked out and provided the details of a uniform standard of solvency for all kinds of insurance companies. They had also done their utmost to secure uniform and effective laws. He believed they were now in a position to render the public additional, valuable and much-needed service by adopting a uniform and systematic plan of publicity in exposing deceptive methods and abuses in insurance. As he saw it, it was their duty to go further and not only expose them in every state, but to jointly make vigorous and determined war upon such practices, wherever found. While his illustrations had been taken from life insurance chiefly, he held that the same publicity cure would be equally efficacious when applied to the business of fire insurance.