the basis for making good all credits and indemnifying the business to the extent of the policy in dollars and cents the money loss of the life. In this Mr. Shevlin's associates, big men, were intimately concerned and Mr. Shevlin's estate further conserved by the importance of this insurance to the Shevlin Company.

"Some of the big figures in the Minneapolis banking world are directors in a local life company and have learned first hand that life insurance can protect a business or a bank against money losses following the insured to death effectively as it can protect the family. Life insurance has come into vogue because certain lives are financially valuable to others. It is, therefore, no far cry to insist upon insurance for the interested business associate just as you do for the interested family.

"There is not time to point out other cities that may dispute with Mr. Edgar the claims that he puts forth for Minneapolis in the way of business insurance outstanding and it would be unprofitable to do so because there is not a city in the United States or the Dominion of Canada to-day carrying an appreciable fraction of the business insurance that should be carried."

Mr. Graham read letters from many leading bankers of the United States and Canada emphasizing the importance they placed on their clients carrying life insurance.

Wants, But Cannot Have.

"When a man's banker says, 'Yes, we will let you have the loan but you must give us additional collateral, a life insurance policy,' that man cannot always go out and buy life insurance at that time. He must buy it ahead of time. The business man cannot always buy life insurance when he needs it most. He may be rejected by the doctor; that often happens. They can get fire insurance and accident insurance at any time, but not life insurance. When the pressure comes from the banker and the business man is under a great strain his blood pressure is high and his general vitality is low. That is the time he cannot get insurance protection.

"The business which fails because of the death of one of its executives fails because of the failure of that executive to take out business life insurance. The greatest field for that insurance is among the small businesses, where capital is scarce, is sorely needed; where the business is dominated by a few, by perhaps one man, by a man and his wife—the corner grocery, the drug store."

Mr. Graham noted that the Federal Reserve Bank of New York, in its individual statement form which it is attempting to get its member banks to use, inquires as to the amount of insurance carried and as to who is beneficiary.

Form of Policy.

Discussing the form of the business insurance policy, Mr. Graham said:

"It is most important that a business insurance contract be written in a way that will make the business the direct owner of the policy. There are two legal points in the writing of corporation insurance that are of the utmost importance. One is the fixing of the insurable interest and the other is in the right of assignment—both having to do with the ownership of the policy. To absolutely insure that the business is the owner of the policy it is advisable in all instances and necessary in most that the corporation be made the direct applicant-beneficiary. It is also necessary that the relationship under which the life becomes valuable to the corporation be clearly set forth. It is further necessary that the insured consent to the insurance upon his life, and that the insured act in his individual capacity while the corporation applicant-beneficiary acts in legal capacity as its rights are wholly statutory. By so doing, all assignable rights and, in fact, the entire ownership of the policy legally vests which it is desired to vest, in the applicant-beneficiary.

"Any other plan is likely to bring a contest as to the insurable interest in the policy taken out by the man's individual act for the benefit of a corporation or raise issue as to rights under an assignment of such policy to a corporation both as to the matter of the rights themselves and as to the extent of these rights as provable under the assignment.

Limitations—Joint-Life Insurance.

"It is desirable in practically all cases to issue separate policies where more than one life is concerned. A common fallacy in co-partnership insurance has been the thought that the insurance should be on the joint life plan. A joint life insurance is merely a promise to pay one claim on the first death, which cancels the whole contract, whereas each life should be protected to the extent of the value of the company in such a way that the contract cannot be cancelled upon the payment of the first claim. A joint life insurance on two lives leaves the surviving partner without insurance on his own life and perhaps without insurability. It also means that in event of discontinuance of the partnership the necessity to surrender the whole insurance to avoid carrying insurance on a man no longer valuable to the concern. Where there are three partners or three lives involved in one policy the case becomes much worse, and four lives or more are practically prohibitory from an underwriting standpoint. Moreover, there are difficulties in the way of placing business insurance upon two lives or more upon the joint plan because the probabilities are greatly increased that the lives will not all be found uniformly acceptable by the medical department.

"On a joint insurance this means a loss of the business. On single life policies often a different form of rated or higher premium insurance or substandard insurance can be placed on the weaker life and the protection consummated that way. By carrying separate policies, in event of discontinuance of partnership or retirement from partnership for various reasons, the terminating individual may either have his particular policy surrendered for its cash value to the firm or else continue this insurance as an individual policy by paying individually the cash value back to the firm.

Plan of Policy.

"The form of insurance is usually the whole life plan, although there are many business insurances written on endowment plans. Endowment plans are most applicable where it is desired to use the same both as indemnity and as a sinking fund against the future impairment of the life or against some other contingency calculated to arise at the end of the endowment period. Term insurance is occasionally used, but in business insurance just as in individual insurance the use of the term plan usually means a weak agent. In the term plan some arbitrary number of years must be fixed for the continuance of the insurance and it is obviously difficult to prophesy in advance just what this period should be. Where there is no right to renew, to understate the period would be serious, and where there is a right to renew the insurance at attained age the increased cost of doing so may prove awkward and disappointing. The ordinary life policy fits admirably here for pure protection because it is a contract with unlimited right to renew from year to year for the same level premium for the term of life. The surrender values of this policy are such as to make the net cost of the insurance during the period for which it is carried compare favorably with the limited term plan."