

stock companies or the mutuals, but a similar risk in the heart of a city would be rated considerably higher on account of conflagration hazard which more than balances the city fire protection.

This has been proved by the long experience of the mill mutuals, and loath as they were at first to learn the lesson, the stock companies have at last accepted the same, and altered their rates accordingly.

The new schedule of rates for factories and mills is an elaboration of the former schedule. Of course, there are certain features common to all risks from a mill down to a dwelling, such as construction, area, exposure, height, lighting and heating. We believe for factories a mill constructed building, as it is called, is the best adapted for the purpose. The walls must be parapetted above the roof all round and measuring 12 inches at the top storey increasing 4 inches each lower storey. The supporting columns and beams must be solid seasoned wood with double $3\frac{1}{2}$ inch floors laid crossways. The elevators, closets and stairways must be in brick tower extending above the roof of the factory and communicating by fire-proof doors, only to the latter on each flat. No joists are allowed for ceiling or roof. The boiler house whether for power or drying must be in a separate brick building having no direct communication with the factory as also must the picker building for cotton or woollen mills. As regards area not more than 5,000 square feet undivided is desirable and for height the lower, i.e., the fewer floors there are to the building the better, as water loses its force and consequently its fighting powers the higher the stream ascends. With a factory on the foregoing lines, an automatic sprinkler equipment is the only step which can bring about a material reduction in rate.

There are doubtless some dangers which are only applicable to a certain class of factory or mill among which we may name the use and disposal of rubber cement in a boot and shoe factory, malt mills in breweries, dry kilns in woodworking risks, cleaning in a flour mill, japanning in metal workers, bark mills in tanneries, etc. Finally for all factories cleanliness is absolutely essential to make the risk satisfactory to a careful inspector. The subject of factories and their hazard would require a good sized volume to deal with it thoroughly, and we could not do more than place before our readers a few of the leading factors to be calculated in rating a factory or mill. We presume it will be understood that when the building is not of mill construction, when the boiler, stairs, etc., are not cut off there will be charges for these deficiencies, therefore, those intending to erect a factory would do well to obtain a list of the requirements which will bring their rate of insurance to the lowest point handing the same to their architect or contractor. By doing this they will save themselves much vexation and expense in the long run for which they will have no one blame but themselves.

DUMMY DIRECTORS AND DUMMY BORROWERS

In the early stages of the investigation into life insurance matters in the United States a good deal of critical comment was levelled against the "Dummy Director." As most readers of THE CHRONICLE know, a dummy director is a man who sits at a corporation board by virtue of stock lent him by somebody else. Of the gentlemen who comprised the directorate of the Equitable, a large number owned no Equitable stock. Young Mr. Hyde, who had plenty, lent them enough to qualify; and they were, henceforth, nominally invested with with authority to play a part in controlling the affairs of the society.

This practice of using "dummy" directors is too common a practice. A number of important corporations have men serving on their boards who have no stake, or investment in them, men who hold their seats at the will, or through the courtesy of others. One of the chief objections urged against the custom is, that it deceives the public. People very often buy a corporation's stock, or entrust their funds to its control, because it has what is called a "strong board," i.e., because the board of directors is composed largely of men whose names inspire confidence.

The line of argument pursued is apt to be something like this "Well, if So-and-So, who is renowned for his wealth and his judgment, risks his money there, and has a voice in the control and the management, it is safe for me to go in." As a matter of fact, it may be that So-and-So has put no money in, and that he takes no interest in the management.

When a man does accept a seat at a corporation board as a gift from some one else, the general supposition is that he will, if he takes any interest at all, use his vote and influence in such a manner as will prove agreeable to the rightful owner of the stock that stands in his name. He is regarded as a mere creature of the other man. Sometimes that is not the case. It may be that the directors of a company wish to have the services of some man of eminence who has a special knowledge of, and experience in, the line of business carried on by the company. The man in question may be unwilling or he may not find it convenient to invest his money in the stock. To get over the difficulty, one of the directors loans him enough to qualify him. He is elected, and takes his place at the board table. Although this man holds his place by virtue of stock lent him by some one else, he is not a "dummy director" in the sense that the public understands the term. In his voting and conduct at the meetings he is apt to be quite independent. Although the stock by which he qualifies is loaned to him, he is under no obligations to the lender. When he accepts the place and allows his name to be printed in the list of directors, he feels that a certain re-