ORIGIN OF A FAMOUS PHRASE.

The Weekly Underwriter of New York contains the following:—

The historic origins of many famous insurance phrases have been lost in the mists of business change, but occasionally an interesting discovery is made in that line. The idea of the incendiary friction between a big policy and a small value is often quoted, but few could say where it was heard. A correspondent who has been a close student of insurance affairs for many years sends the interesting information that the above idea first appeared in print in the "Fire Underwriters' Text Book," first edition, 1872, by J. Griswold, one of the first publications in that line in this country. Mr. Griswold, the author, was the father of F. M. Griswold, general inspector of the Home of New York, who is one of the best-known insurance men of the present generation. In his book Mr. Griswold gave credit for the saying to Arthur C. Ducat, of Ducat & Lyon, at that time the general agents of the Home at Chicago, in the following paragraph:

"The moral hazard of a risk is most pertinently defined by Colonel Ducat as 'the danger from friction caused by high insurance and low depreciated stocks and property coming together.' And just the difference between what would have been the fire loss with no insurance and the fire loss under insurance would be the moral hazard of the risk, and it is universally conceded that this moral hazard is much the larger moiety of the risk; hence, in estimating the value of the hazard, it becomes of vital importance 'to know the man'—his character, antecedents, business habits, commercial standing and pecuniary responsibility—which may be said to form the 'unknown quantity' in the calculation."

MR. GRISWOLD'S CONNECTION WITH THE CHRONICLE.

To this, we may add that, as will be in the recollection of the older generation of our readers, Mr. Griswold was at one time Editor of THE CHRONICLE, and his "Fire Agents' Text Book" is published from this office. In later editions, while Colonel Ducat's epigrammatic definition of moral hazard was retained, the remainder of the paragraph disappeared in favor of other observations. In the later editions of the "Text Book," Mr. Griswold's remarks on Moral Hazard were as follows:—

"Moral hazard is the 'unknown quantity' as between the physical hazard of the risk and the moral hazard of the person, and is pertinently construed by Col. Ducat as 'the danger from friction caused by high insurances and low, depreciated stocks and property coming together.'

"The term applies specially to the business character of the insured: Is he honest, careful and painstaking? or the reverse; careless, slipshod and indifferent as to results? as he might be without actually becoming dishonest.

"The criminal side of the moral hazard has ever been, and must continue to be, the chief disturbing element in insurance. All other risks can be provided for in the rate of premium to be charged therefor; but this moral risk which manifests its ubiquitous presence promptly, wherever opportunity occurs, has never yet been measured insurance-wise; and just so long as risks are written without due examination into the standing and character of the insured, as well as to the hazards of the risk itself, this unknown quantity will remain, for 'it is opportunity that makes the rogue.'"

BRITISH INSURANCE COMPANIES' SECURITY HOLDINGS.

The following cable dispatch this week is interesting as indicative of the important part which the American security holdings of the British insurance companies will play in future borrowing operations by the British Government on this side of the Atlantic:—"The question of mobilizing American securities was the subject of a conference at the Treasury Department between Reginald McKenna, the Chancellor of the Exchequer, and representatives of the leading British insurance companies, together with Lord Cunliffe, Governor of the Bank of England; Sir John Bradbury, joint permanent Secretary to the Treasury, and Edwin Montagu, Financial Secretary to the Treasury. It is understood that Mr. McKenna submitted proposals under which the Government is prepared to acquire the American holdings of insurance companies either by purchase or by loan. In the former case securities would be exchanged for Treasury bonds. In the latter case the Government would pay the holders the interest they now receive, together with one-half per cent. bonus. A committee was appointed to work out the details of the scheme. This committee has as its members Sir Thos. Whittaker, Sir Gerald Ryan and Mr. Cox, chairman of Life Offices' Association".

Sir Gerald Ryan, referred to above as a member of this important committee, is the general manager of the Phœnix Assurance Company, Ltd., of London, and is well known in Canada through frequent visits to the Dominion.

LONG-LIVED POLICYHOLDERS.

That annuitants are a long-lived class is very well known, and judging from the experience tabulated by the Mutual Life of New York, ordinary life insurance is also to a certain extent conducive to length of days. The American Experience Table indicates that out of 81,822 persons living at age 35, only 3 will still be living at age 95, and that none of these will live beyond the attained age of 96. The experience of the Mutual Life has been much better than that. It is commonly assumed that the average age at date of insuring is 35. Of the 470 persons insured in the first year of the Mutual Life, 2 lived beyond the age of 96. On that basis (assuming that each of the 470 persons was 35 years of age at date of insuring), the American Experience Table would show 348 out of 81,822 living to age 96, instead of 3. These data, however, are too meagre to form an accurate conclusion. Taking larger figures, in the first four years the Company insured 3,126 persons. These have all passed away, 5 of them living beyond age 96. Proportionately the American Experience Table would show 131 attaining the age of 96 instead of 3 out of 81,822. The Company has already had 9 policyholders to live beyond the age of 96 out of 32,127 insured in the first 22 years. Many of those insured in that time are still living, some of whom may also live beyond 96, and it is evident that the mortality in the Mutual Life has been far more favorable than that indicated by the table.

One Mutual Life policyholder died a few months ago at the age of 102, and another reached 100 years and 8 months

When all is said and done, the way to get lower rates is to have fewer fires.—*Insurance Post.*