

85% of the American and Canadian business is transacted by mutual companies and stock companies doing business on the participating plan. The relation, therefore, between the insurer and the insured is vastly different from what it was in the early days of the business. Life insurance is to-day regarded as the great if not the greatest public business. The public is as deeply interested if not more so than in any utility organized and operated for their benefit. No business is more closely supervised by government, and the fine thing about it all is that a word of protest against this supervision is seldom made by any company. So far as policy claims are concerned this supervision is thoroughly desirable. It will happen that no matter how anxious a company may be to do exact justice, the policyholder or his representative will sometimes be distrustful and dissatisfied.

The handling of the average death claim after it reaches the home office is a very simple matter. In the great majority of cases the cause of death is clear and not at all suspicious. In these cases the only question remaining is, to whom the proceeds of the policy should be paid. There either is or is not a designated beneficiary. If there is a designated beneficiary we need to satisfy ourselves only that the beneficiary survives the insured and that there has been no change or assignment. If there is no designated beneficiary, then we have to deal with the duly authorized executor or administrator or other representative of the insured or estate. The development of these facts is not at all difficult or involved. Under existing statutes the public record of vital statistics is quite uniform and complete. Even more so are the records of probate courts. If facts develop that call for investigation, this, too, is made easy by the trained staff of home office inspectors maintained by the larger companies, or by the bureaus established for such purposes in the principal cities of the country. These investigations could be made much more quickly and effectively were it not for the refusal of officials of hospitals and public institutions here and there to supply the history and records of patients, supposedly on the mistaken theory that the investigating company is endeavoring to find grounds upon which to avoid the payment of a policy.

The tendency toward uniform insurance laws throughout the several States and the Provinces of Canada, particularly since the New York State investigation of 1905, has very largely simplified the mechanical process of handling death claims. It has likewise brought about radical changes in the contract provisions of companies.

THE BUSINESS SITUATION

The controlling and outstanding factor today is the relatively small movement of raw materials and manufactured goods even at reduced prices. This is because stocks of goods in the hands of retailers are sufficient to meet the needs of a somewhat lessened demand of the consuming public. Consumers are restricting their buying in part because of some curtailment of their purchasing power, but even more because of a willingness to wait until retail prices reflect the lower levels of primary prices.

The National Bank of Commerce in its comments on the situation says:—

Improvement of business activity awaits adjustment of retail prices to a level satisfactory to the public. It is clear that farmers, for example, who constitute the largest single class of consumers and have already experienced a substantial reduction in the prices of their products, will not renew their buying on anything other than a hand-to-mouth scale until the price of what they buy bears a closer relation to the price of what they have to sell. This necessary readjustment of prices to consumers is now under way and will be expected to make more rapid progress in the future. Its progress will be hastened by the coming into the market of goods which are already being produced on lower cost levels for labor and material.

The fundamental relationship of banking and business now becomes clearly apparent. Both are concerned in the present situation; and the interests of both demand that the readjustment be gone through with in orderly fashion, so that business activity may be resumed on a sound basis.

What is now required is courage and respect for fundamental economic principles. Artificial palliatives which are being urged with a view to obviating the difficulties of the adjustment—particularly proposals involving further inflation and cheapening of credit—must be avoided. Such measures, if adopted, could only result in the impairment of the strength of the credit structure and in prolonging and increasing the difficulties of an adjustment which world-wide conditions have made inevitable.

The peak of commercial borrowing may be said definitely to have passed, and from now on there should be a gradual and moderate reduction in the volume of bank loans. The pressure for funds is already less general. The relaxation is, however, spotty in character, varying with the kind of business, and with the requirements in various sections of the country.

The gradual reduction of credit requirements justifies an expectation of moderate easing of rates. Cross currents in the present complex business situation, however, make it impossible to forecast when this may be realized.