

THE FARMER'S ADVOCATE AND HOME MAGAZINE.

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be safeguarded from improper manipulation, as well as the reserves.

Besides the actual net cost of insurance, however, there must be allowance made for the cost of doing business, such as office expenses, agents' commissions, etc. To provide for this, the company adds to each premium a certain sum to furnish a fund to meet these expenses. Perhaps it adds to a \$24 premium a "load" of \$6, bringing the gross premium up to \$30. The total premium, in other words, consists of two parts, the amount (including the reserve) needed to meet all death claims, as indicated by a mortality table, and decreased by interest earnings at a particular rate, and the amount added to cover the cost of management.

Mr. Hendrick elaborates at considerable pains the nature, source and ownership of the fund usually designated "surplus." There are three sources from which this may be derived. In the first place, the mortality tables usually overestimate, slightly, the risk. If, by care in selection of risks, or by mere good fortune, the death claims are less than those estimated, a saving is made by the company, which goes to constitute a "surplus" fund. A second chance for saving is in interest. All companies, to be on the safe side, must count on but a very moderate rate of interest on their premium funds. If, as is generally the case, they succeed in investing their funds to good advantage, they earn more than the assumed per cent. required to make the premiums amount to the face value of the policies for which they are liable. This excess of interest goes to form surplus. A third possibility of saving lies in reducing the cost of management to less than the fund secured through the "loading" of the policies. Any saving here goes likewise to the surplus. All this surplus is really nothing more or less than the excess amount of your premiums over what would have been actually necessary to cover legitimate insurance. It should all be distributed among policyholders, but with some of

the companies a good part of it never is. Such portion as is returned is called "dividends."

These "dividends" may be returned in any one of several ways. They may be annually returned, either going to reduce the premium or to buy additional insurance, so that every year you would be insured for a higher amount. Or, the dividend may be distributed in periods of several years. Or it may all be held in trust by the company until the policy is mature. Some of the large companies prefer to write this sort of business, and pay the best commissions on such policies.

In an honorably-managed company, it matters little what one of these plans of distributing surplus is selected, except that, with the accumulation policy, in the event of death before the policy is mature, the beneficiary receives nothing more than the face value of the policy, no matter if the holder died only a few days before, in which case the amount of his premiums might considerably exceed the sum received by his heirs. Under an annual-distribution system, the man himself would have benefited through reduction of his premiums, or else his beneficiary would benefit through the increased insurance, e.g., the increased indemnity. This, however, is a point on which one must take chances, and it is but fair to state that some of the best companies have discarded the annual-dividend plan in favor of the five-year distribution.

But the great argument Mr. Hendrick launches against the deferred or accumulated dividend plan is that it affords a dangerous temptation to dishonest heads of insurance companies to pilfer and embezzle the "surplus" funds, of which they are not obliged to return a cent to policyholders, although morally bound by the principle of life insurance. Exception has been taken to Mr. Hendrick's position, on the ground that a rascal could embezzle annually returned dividends just as easily as deferred ones. To us it hardly seems so. History shows that the majority of cases of embezzlement are perpetrated by men with good intentions, men who fully intend to use the money in a safe investment on their own account, and pay it back all in good time. History also shows that many a failure to do so has been recorded, and the public are coming to look upon the surreptitious use of money as being every whit as criminal as the purloining of principal outright. It is wrong, because if the speculation is successful the embezzler reaps the benefit. If unsuccessful, and the embezzler fails to "make good," the one whose money has been used suffers the loss. No capitalist would think of consenting to have his money trafficked with in this way. Mr. Hendrick claims that, with an annual distribution of dividends, there will be less temptation to such embezzlement, partly because the money has to be made good every year, and any marked discrepancy in profits from year to year would arouse the suspicion of policyholders, and fear of this acts as a healthy deterrent upon unscrupulous presidents and managers. It should be clearly understood that the accumulation-dividend system is not assailed as being in itself vicious, but rather as being slightly inequitable in certain cases, and as constituting an additional element of danger in the event of unprincipled management.

The moral for those who would insure is: Choose a conservative, honestly-managed company, and you are fairly safe. If they offer an annual-dividend or five-year policy, take it in preference to the other.

Candor Before Consistency.

The outstanding quality of an investigator is a willingness, if need be, to discard yesterday's opinions. Men who undertake experiments to vindicate certain theories they hold, have no business to be employed in a public capacity. Some men who, by virtue of their position, should be leaders of thought, give as an excuse for not altering their doctrines that any teaching, to be effective, must be consistent; that vacillation is a worse fault than occasional error. We cannot accept this view. It is true the world likes a leader who knows his mind, but it does not like, and sooner or later will cease to follow, a man sound only in his own bumptious opinion. The open mind is a hall-mark of the scientist. Emerson went so far as to define consistency as the bugbear of little minds. Consistency should be

sought, not by reluctance in admitting one's theories wrong, but by care in their original acceptance.

The world needs men who will stand for the broad idea, the high ideal, the noble purpose and the enduring principle of the greatest good to the people as a whole.

HORSES.

Hackney action and beauty has won the front rank at the horse shows.

Draft mares make the best farm teams and raise big draft geldings that top the markets of the world.

It may save considerable trouble later if you have a clean-cut arrangement with the stallion owner now.

Fast horses serve very well as a means of recreation for townspeople with surplus funds, but they invariably have a delusive effect upon the young men of a community.

In the States there is a pronounced reversion to the old method of stallion buying, namely, for the intending purchaser to visit the importer's stables and pick from a large assortment of horses one that suits his needs. This is a great improvement upon the syndicate system, both because it reduces the cost of making a sale, and ensures the buyer a better opportunity of selecting a horse that suits his purse.

The Horse-breeders' Lien Act of Manitoba has had one or more effects not really intended. Either the stallions in Manitoba are remarkably sound horses, or else there is a lamentable ignorance regarding soundness in horses. To put it mildly, very many people do not seem to appreciate the seriousness of taking affidavits which they do not know to be true.

Navel-ill in Foals.

Attention has several times been called in recent issues of "The Farmer's Advocate" to the fact that many foals are lost every spring from a disease known as navel-ill, or joint-ill, which is sometimes manifested in the form of scours and sometimes in swollen joints, or both, and generally proving fatal in spite of treatment. The disease gets its start when the foal is first dropped, and is believed to arise from the entrance of germs into the navel cord, the germs being present in the bedding of the stall, and the simplest and safest preventive is the application, three or four times a day, to the navel cord of a ten-per-cent. solution of formalin, or a solution of 10 grains of corrosive sublimate to 8 ounces water, or a 5-per-cent. solution of carbolic acid, or a solution of bluestone, 3 drams to 8 ounces of water (the first preferred), dressing the navel string as soon as possible after birth, and, if necessary, continue it several times daily until the cord is dried up. A veterinarian tells us that he finds one application of the formalin solution sufficient to shrivel the cord up and prevent infection. When infection has occurred, however, he injects a teaspoonful of a stronger solution of about 1 part formalin in 5 or 6 of water into the umbilical cord, and he finds this a reliable means of checking the trouble. The same practitioner also claims that white scours in calves is caused by a germ which gains entrance through the umbilical cord, and he recommends washing the cord immediately after birth with a 10-per-cent. formalin solution as a preventive of this trouble also.

The Farmer's Horse is the Draft Colt.

There is money in raising the top-notch draft horse, and the bigger he is, provided quality and conformation are right, the longer the price he fetches. We sometimes hear the complaint that it is hard to get the drafters big enough for the market. True, and this is just the reason there are such good opportunities in raising them. Many horsemen are too parsimonious with their feed, and altogether too careless with their growing colts. The result is an undersized horse of draft conformation, necessarily a low-priced horse. If you breed to a sire of heavy breeds, take good care to grow the colts to their full horse size is a poor proposition. There is money in the business of producing heavy horses, but only for the generous feeder and the careful breeder. All things considered, we believe the farmer's horse is the three, four and five-year-old drafter.