

business. It can do so safely, because this hundred thousand dollars is all owing by reliable merchants. Then again, let us suppose that the same firm finds it necessary at all times to carry a debt of about fifty thousand dollars for raw material used in its factory, and also to carry a credit with its banker in sums varying according to circumstances from fifty to a hundred thousand dollars more. This is a typical business. Without a credit of a hundred thousand dollars the firm could not successfully conduct its business. If it could not extend credit to its customers or secure raw material on credit or borrow of the bank it would be forced to retire from business unless the partners had sufficient capital of their own to meet all demands. Very few business men in this country have enough capital of their own to fully take care of all of their business needs. The great bulk of the business of this country in all lines is done on credit. This credit is largely personal, and depends, as the late J. P. Morgan said, largely on the personal character of the borrower. The creditor has confidence in the man of business and in his ability to pay back what he borrows.

It seems to me that the mere recital of the facts proves the wisdom of insuring the life of the man of business, so that in case of death his credit may be made good.

But returning to our example, supposing each of these three men, Smith, Jones and Brown, should take out a policy of \$25,000, entailing a cost, probably, of about \$900 to \$1,000 a year for each, according to the form desired. This life insurance, amounting to \$75,000, would form a very considerable asset for the firm, and as the years went by and the cash and loan values of the policies increased, such an asset would be a material basis for credit in times of stress, as well as a source of confidence. In time of financial extremity, when other sources of credit failed, the policies could be used for their loan values, and in some forms of policies, if any member of the firm became permanently and totally disabled, a certain portion of the proceeds of the policy would also be immediately available. In any event, on the death of any partner, the sum of \$25,000 would be payable in cash promptly to the firm, and would be a material addition to its resources at a time when most needed.

A LEGITIMATE EXPENSE.

It seems to me that the average business can well afford to charge up as a legitimate expense the premiums necessary to carry a proper life insurance for the benefit of the business. In fact, this is so plainly to the advantage of the business that the courts hold that any relationship with reference to property or money out of which one of the parties might lose in the event of the death of the other party will furnish a sufficient insurable interest to sustain a contract of insurance. This is not a case of debtor and creditor, but a case of real insurable interest.

Speaking before insurance men, it is hardly necessary to add that for the protection demanded a policy of life insurance is the very best safeguard. Nevertheless, some might think that a business should carry its own insurance, either as an ordinary asset of the firm or as a bank deposit or as an investment in some form of bonds or other securities. If carried as an asset of the firm it would speedily become involved in the general assets and would not be available when required. If carried in bank there would be the continuous temptation to use it for other pur-

poses, or the bank might fail; and if carried in the form of securities the securities might not be easily realized upon when needed.

The chief objection to this, however, lies in the fact that you cannot set aside enough in cash at the start to provide for ample protection. How can a reserve of \$900 a year provide \$25,000 in gold coin available immediately at death? Only by means of a life insurance policy. This payment of a larger sum in consideration of a small premium is the essential element in the insurance contract which gives it the advantage over all other methods for protecting business along the lines which we have been considering. The inability of the average business to set aside \$25,000 in cash all at once as a reserve against times of trouble is apparent to all of us. Yet the most ordinary business can pay a premium so as to have an ample fund in ready money available in case of death. Then again, the element of safety is so well considered in the properly conducted life insurance companies that it is hardly worth while to even discuss it. Life insurance companies, drawing upon innumerable policyholders in small amounts and investing in the highest form of well considered securities, are safe and solvent at all times, and are beyond question the safest depository for any such purpose.

What more can be added? The mere statement of the proposition, as I stated in the beginning, commends itself to the judgment of any thoughtful business man, and in proof of this we can point to the large and increasing protection which life insurance is furnishing to the business interests of the country.

In conclusion, I venture the prediction that this new field of life insurance for business protection will be almost as valuable in an economic sense as the other fields of usefulness already so fully occupied by the great business of insurance.

THE CANADA LIFE'S NEW PRESIDENT.

Mr. E. W. Cox, who was elected to succeed his father, the late Hon. George A. Cox, as president of the Canada Life Assurance Company only a few days before the latter's death, is like his predecessor a Canada Life man to the backbone. He has been associated with the Company ever since the early eighties, and in 1885 became joint manager of the Company's largest branch. He took over its exclusive management two years later, and continued to direct it until 1899, when he became identified with the Company's management at Head Office. For fourteen years Mr. Cox has been general manager, and the success of his regime is indicated by the Canada Life's splendid growth in that period.

His other interests include a number of important directorships. He is president of the Imperial Guarantee and Accident and a director of the National Trust Company, Dominion Securities Corporation, Western Assurance Company, British America Assurance Company and other corporations. Incidentally he motors and plays billiards. As a leader he is trusted by all his staff. Past years have demonstrated to them his executive ability; numerous instances of ready sympathy and assistance have shown his careful regard for them. Under the new conditions, President and staff of the Canada Life will continue to pull together for the yet greater success of that Company.