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Business Men Cannot Always Buy

WHEN They Need Life Insurance Most and the Bank is Pressing for More Collateral. Physical Conditions Often Bar the Taking of More Life Insurance—Value of Life Insurance to Big Corporations and Small Ones.

THE value of life insurance to business corporations, the high place it has in the consideration of Canadian banks, and how to sell it, were the leading themes of the address of Mr. William J. Graham, superintendent, group monthly premium and home purchase departments of Equitable Life Assurance Society of the United States, an expert in the writing of business insurance.

"Business insurance as we will consider it here will be confined within the three sub-heads of co-partnership insurance, corporation insurance and credit insurance," said Mr. Graham. "Co-partnership insurance is the designation usually given to insurance that indemnifies the surviving partner or partners against the financial hazard of a partner's death. It is effected more usually by the different partners taking insurance policies directly for the benefit of the firm with firm as beneficiary or indirectly by making the beneficiary one another.

"Corporation insurance is in essence the same as co-partnership insurance for its purpose is to indemnify a corporation or a business for the loss of a life or lives whose energy, brains, credit are factors in the prosperity of the company.

"Credit insurance is the branch of business life insurance which means the protection of loans and collaterals against the untoward contingency of death, by providing in such event life insurance to wipe out the debt.

"So far as a man's estate is involved in the success of the business after his death it is plain that an insurance to indemnify the business against the loss of his life directly enhances the value of his estate. If the estate holds interest in the business anything that improves the business directly improves the estate. In many cases a policy payable to the business might prove more valuable to the estate than the same policy payable directly to the estate. This is particularly true of small businesses. It is true in degree of many credit insurances where the loans conserve the private estate and where it may prove far more valuable to have the loan liquidated by the insurance and the collateral released than to have the collateral sacrificed to pay the loan or taken over by the loaner.

"Business life insurance in its every phase is indemnity and protection against money loss that may follow decease of lives financially valuable. The test of business insurance utility in a particular situation is this query: To what extent may financial loss follow to the business and its credit without it? Consideration of this question uncovers the enormous field that exists for the exploitation of business life insurance.

"That certain communities have adopted business insurance to a much larger extent than other communities evidences that business life insurance will only be bought and sold as it is intelligently canvassed. In a recent instructive editorial on business insurance in The Bellman, William C. Edgar, its erudite editor, pointed out that Minneapolis has perhaps gone further to date with business insurance than any other city. This is no indication that Minneapolis has more need for business insurance or has in general the soundest business ideas existent in our whole country. It does indicate that Minneapolis is a progressive community containing progressive life insurance men who have perhaps devoted more attention to business insurance and its intelligent canvass than has been done by agents in other cities.

"To focus our big subject down to where we can take a hurried glance at a few individual cases we will turn over a few leaves of the business insurance book of Minneapolis. Naturally The Bellman omits reference to the fact that the life of Mr. Edgar had been insured for the protection of the companies to which his knowledge, personality and standing are big assets. He knows from practical application what business insurance means.

"The first large case in Minneapolis was the insurance on the life of Frank H. Peavey to the amount of a million dollars. This policy in a way antedated the business insurance era—so recent is it—and was not directly a business insurance policy. At the unexpected death of Mr. Peavey within two years from the time this policy was taken out the million dollars paid to the estate of this man whose personal credit and prestige were not over represented by this sum proved of great benefit to the company and its credit. The two chief officials of the present Peavey Company are carrying between them a million of insurance on modern business plans. Scores of other policies written in relatively small amounts up to policies running seven figures are outstanding in that city.

"The business insurance of one and a half million dollars recently paid upon the death of Thomas Shevlin was the natural sequence to the intelligent work which has been done in Minneapolis on the subject of corporation insurance. Shevlin was a young man of large promise—a man who believed in himself tremendously—who imparted his self-confidence to others—a man whose ambitious plans entailed necessarily large credits. In Mr. Shevlin's lifetime the huge business insurance which he carried did much to support not only the credits needed but the estimates of value which his corporation put upon him. In his untimely death the insurance moneys supplied