

IS NEW LIFE BUSINESS ENTIRELY SATISFACTORY?

A suggestion was made by Mr. J. E. Kilgour, actuary of the North American Life of Toronto, at the recent Life Underwriters' convention at Ottawa, that possibly a good deal of the new business of the life insurance companies during recent years has not been entirely of a satisfactory character. "I have every reason to believe," he said, "that there has been an undoubtedly large proportion of the business coming from men engaged in transitory and unstable occupations. The men engaged in legitimate business—the professional men, the artisans—are still lamentably underinsured, but the sub-dividers, the speculators, and generally speaking, men of ephemeral wealth are, I think, in many cases, insuring to a greater extent than they have a legitimate right to do. Legally speaking, every man has an unlimited insurable interest in his own life. Though this may be true, I am firmly convinced that there is a large element of moral hazard in connection with big insurances of this nature, an opinion justified by the mortality experience based on amounts-at-risk. There is, comparatively speaking, the same relation between the amount of insurance a man has a right to carry and the capitalized value of his earning power as exists between the fire insurance carried on a building and the value of the building itself. Nor should we overlook the almost inevitable tendency of this class of business to discontinue."

CO-OPERATION SOUND POLICY.

The non-trust character of the insurance business in all its branches has the disadvantage of checking the adoption of measures admittedly in the interest of all concerned. The liability business is just now furnishing an illustration of this unfortunate fact. It is admitted that liability commissions are too high; it is reasonably certain that in the very near future they will be reduced by the companies generally, but in default of any agreement among them as to the amount of the reduction to be made or the date at which it is to go into effect, action in the matter is being deferred, since the disadvantage at which companies acting independently would thus place themselves in competition for business naturally causes them to be disinclined to take such action. Unbridled competition is not without its evils. So long as these affect only the companies themselves and the public is the gainer they are safe from interference on the part of state supervising officials. But when there is danger lest the public should suffer, interference is at once invited. The present case is one in point. Liability companies are to-day facing the possibility, by no means remote, of legislation regulating the expense of conducting their business. Is it sound business policy to invite such legislation? Does not every new restriction placed upon their business methods pave the way for the ultimate transaction of that business by the state? If so, and such would appear from the trend of affairs in other countries to be the case, it would seem sound business policy on the part of insurance companies in all branches of the business to co-operate in enabling themselves to render the best possible service to the community.—*Boston Standard*.

DEVELOPMENT OF WORKMEN'S COMPENSATION INSURANCE IN AMERICA.

(*Edwin W. DeLeon, President Casualty Company of America*).

It is now generally conceded that it is the paternal duty of the State to lend its assistance in the direction of workmen's compensation, and to prevent, as far as possible, the disastrous results of destruction and dependency.

In this programme of social insurance for the uplift of workmen and workwomen, the casualty insurance companies will be called upon to play an important part. The widespread movement, that has resulted in the past three years in the enactment of Workmen's Compensation or Accident Insurance Laws in twenty-three States received much of its impetus from the leading casualty companies to whose co-operation in framing suitable legislation and furnishing authentic information to various States Commissions, the legislators are largely indebted.

Various plans have been advanced for effectively carrying out the provisions of Workmen's Compensation laws and the advocates of each plan have presented their arguments with all the force and fervor of absolute conviction.

PRINCIPAL PROPOSALS.

The three principal proposals may be stated generally to be, Compulsory State Insurance, Compulsory Mutual Insurance and Casualty Company Insurance. The first named may be disposed of without much argument, for Compulsory State Insurance is an almost untried experiment and Norway is the only country in the civilized world that has had the temerity to embark upon this perilous and uncharted sea.

It is significant that in spite of the paternalistic tendencies of many European countries, less than one per cent. of the outstanding insurance in the civilized world, whether Life, Fire or Casualty, and measured either by policies or amount of insurance, is written by the government, either as insurer or manager. In our own country, the undeveloped but apparently unsuccessful scheme for State Insurance in the State of Washington is a timely and forceful answer to the arguments in favor of such a plan. It has been further demonstrated that the people of this country are not ready to approve any such monopolistic State control of Workmen's Compensation Insurance, for the laws recently enacted in Ohio, Nebraska and California have been held up by referendum petitions, and this question of the proper administration of the Workmen's Compensation Law in these States will be referred to the whole people for final decision. There is in fact no precedent or even theory to justify the belief that it is a proper function of government to engage in the insurance business any more than to monopolize the sale of coal, ice, food or any other public commodity, and this is particularly true in a republican form of government such as ours, consisting of forty-eight sovereign States with widely varying local conditions and requirements. It is quite apparent on the other hand, that any such State monopoly involving the collection and disbursement of millions of dollars for other than governmental uses would inevitably result in building up a huge political machine that would be a menace to the State.

OBJECTIONS TO MUTUAL INSURANCE.

Mutual Insurance is of so many different kinds and is conducted in so many various ways that it is diffi-