

VALUE OF LIFE INSURANCE

XXV.

More Points on Partnership Assurance

BY C. A. HASTINGS

The definition of the term "goodwill" in business is "sentiment." The greater the goodwill of a man the greater the opinion other people entertain of him. Therefore, though we may not recognize it, sentiment is the very origin of business. What is the connection between sentiment in business and a life assurance policy?

Everyone will agree that new and increased responsibilities are thrown on the shoulders of a surviving partner or partners should death dissolve a partnership, and that, therefore, every precaution should be taken to minimize this eternal risk. This catastrophe not only means loss of a certain amount of capital, but also the deceased partner's goodwill. Hence it is that the goodwill of any house of business is divided up among the senior members, although, of course, it is well known that an old-established house has created a certain amount of goodwill of its own. Nevertheless, one cannot get away from the fact that death or retirement of a partner does, and always will, deprive the house of a certain amount of goodwill.

Deceased Partner's Successor.

Sometimes it is possible for the firm to carry on business without taking in another partner, but if not, they must find a man fully qualified to take the place of the deceased partner, which means, not only risk, but also expense. But these are not the only consequences. It very often happens that the partners are different types of men, they each hold a different key through their own personality. One may be the buyer, another the man of detail, and another the man who knows and understands the customers, and has become known by them, and it is through him that the business comes in, assisted by the staff. It is obvious how difficult it would be for any of them to replace each other, isn't it?

Now then, suppose one of these three died; I will take, for example, the third man that I have described. What is the result? Does it not mean that customers will realize that the firm has undergone a change? Do not they discuss the future prospects of the business? Do not creditors watch their accounts more closely? We all know that this does happen; that the credit of the house is disturbed, though it may be only for a short period.

Cash and Credit When Needed.

So it is pretty clear now how extremely useful a substantial partnership policy may be, for it does provide spot cash when it is most needed, and every proof, in consequence, can be given that the firm is progressing as usual, in spite of the loss of a useful and industrious partner.

The customers and creditors know that an adequate policy is carried, and, therefore, they know they can place the same confidence in the firm as heretofore.

They realize that the business has been conducted wisely, it has been proved to them by a concrete example, and therefore, they can confidently expect that the firm will continue to look beyond to-day and to-morrow in their business relations.

The following articles in this series have already appeared:—

- (1) March 1st—How to become one's own master.
- (2) March 8th—How depreciation of assets can be met.
- (3) March 15th—How to borrow at a profit.
- (4) March 22nd—The automatic production of capital.
- (5) March 29th—How to redeem debentures.
- (6) April 5th—Value of goodwill and how to preserve it.
- (7) April 12th—How to protect capital in land, etc.
- (8) April 19th—Short-term policies.
- (9) April 26th—Endowment policies.
- (10) May 3rd—Single premium policies.
- (11) May 10th—The policy for the professional man.
- (12) May 17th—A life policy as collateral security.
- (13) May 24th—Lucrative investment.
- (14) May 31st—Partnership protection.
- (15) June 7th—Home versus commerce.
- (16) June 14th—Policies that are cheapest and best.
- (17) June 21st—Higher education for children.
- (18) June 28th—Relations of partners, active and sleeping.
- (19) July 5th—Death duties and assurance.
- (20) July 12th—Provision for daughters.
- (21) Endowment insurance versus Consols.
- (22) How to make money.
- (23) Pensions.
- (24) The best method of employing small savings.

ANOTHER VISITOR TELLS OF MARKET CONDITIONS

Gold Accumulating in England—Canadian Issues Overseas

More views on the current situation come to hand, this time from Mr. F. Faithful Begg, member of the London Stock Exchange committee, and chairman of the London chamber of commerce. "The Bank of England," he said in a Montreal interview, "is fairly strong for this time of the year. There is one thing of great importance, and that is that the great joint stock banks have their reserves well in hand and there is a point of interest which is not generally known that they have been accumulating private reserves of gold. There is money enough for everybody for legitimate enterprises, only it has got to be paid for at different rates and probably that is the situation that has come to stay, owing to the world-wide demands for money.

Excellent Railroad Financing.

"There is one thing most important about Canadian finances and that is, as far as can be seen, the railway companies are either with or going to be provided with funds sufficient to prevent the cessation of construction. One cannot but admire the exceedingly prudent finance of the Canadian Pacific Railway, which has arranged to finance its heavy operations well ahead and avoid the difficulties which other large corporations have encountered. I think Sir Thomas Shaughnessy is entitled to great credit for his foresight. The work of these three great railway systems in Canada is distributing money at all points, and it would be nothing short of disastrous if from any cause these works came to a stop since commerce, wages, everything would be affected.

Bankers Are Blamed.

"I think the bankers have been to blame in recent years by encouraging or facilitating operations in advance of the placing of the securities which would ultimately be required; but as the result of the pressure they have put upon Canada, borrowers generally are beginning to find a point at which they can get their money. They are paying a half to one per cent. more for their money when they get it.

"Canadian borrowers have had their fair share of funds advanced through London channels during the last six or nine months. Just now certain things are required. The first thing you require to do is to lock up the wild cats at home. We do not want them in England; they do harm."

TORONTO'S FIRE SITUATION UNSATISFACTORY.

Fire Chief Thompson, Toronto, has reported to the civic board of control, that at least 50 per cent. of the recent fires have been caused by incendiaries. He asserts that all the fires were properly fought by the officers and men of the department, but admits the water pressure at the Balmuto Street and Jersey Avenue fires was insufficient. The water pressure at the Exhibition fire, considering the number of streams and long lines of hose used, was reasonable. He asks for more equipment, including motor vehicles.

Dealing with the causes of the fires in detail, he says that at the Exhibition grounds the fire was caused either by an incendiary or sparks from a locomotive; that it was burning so fiercely when the men of the department arrived on the scene that it was impossible for them to ascertain how or where it originated in the sheep pens.

Regarding the Balmuto Street fire, it originated in the two and a half story frame building and spread to the brick factory. It was useless to attempt to save the frame structure. The department had no means of ascertaining how the fire started, and the owners of the factory, R. C. Crean and Company, could give no reason or assign a cause for the outbreak. They had therefore to record the cause as unknown.

The Jersey Avenue fire was caused by the exploding of a coal oil lamp in one of the buildings.

The reason there were no keys in, or glass fronts to, the alarm boxes at the Exhibition Grounds, was that it was deemed advisable not to equip the boxes with keys on account of the danger of false alarms. The superintendent of the grounds and all the officials were supplied with keys to the boxes.

Montreal Tramways 5 per cent. thirty-year bonds are to be quoted on the official list of the London Stock Exchange shortly.