

combined premium receipts of these two companies in Canada were \$28,322, while the amount paid in settlement of maturing claims was \$127,311. The reserve accumulated on the 961 policies in force was more than ample to take care of the claims in excess of premium receipts.

It is clearly demonstrated by actual experience, that whether we take the record of the British companies doing a small new business for many years, but with a large old business steadily maturing, or the record of American companies as here given, the result is the same, as all mathematical verities must always be the same, and level premium reserve life insurance is everywhere based on mathematical verities.

REBATING AND THE REBATER.

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Conclusion.

To my mind, the fact that agents should make a persistent practice of rebating, never acquainting their company with such method of doing business, is conclusive proof that they know that the system is reprehensible, that they know that it is disastrous in its effects, and that they know (as a general rule) that they would not, and could not, be supported by their companies in any such practice. From its very inception the practice of rebating has been known as a deed of darkness, something to be done under cover of secrecy, something that the agent knew was not to his credit, but impaired his usefulness, and reflected alike upon his character, his judgment and his business methods. Of course another well recognized element has had a great deal to do with permitting the rebate evil to become a scourge of such gigantic magnitude to the companies. For years past the companies themselves have entered into a most injudicious race for business. Competition has run so wild that the ordinary every-day prudence, which correct business methods should induce, has been utterly ignored. All kinds of inducements have been held out to the agents to increase the volume of their business, without laying a corresponding stress upon the necessity of maintaining that business at a desirable standard of excellency. "Quality" should be held essentially superior to the demand for "quantity." This unrestrained competition has been in very many cases a seeming justification for the evil complained of, and to just that extent the companies should take the blame upon their own shoulders, and not expect the agent to bear it all.

In further support of my argument upon the viciousness of the practice of rebating, and of my assumption that a contract of life insurance is not such a species of deliverable property as would be necessary to stamp it as a commodity accommodating itself to the general requirements of what we would characterize as "merchandise," I desire to submit the following reflections. Behind the benefits and privileges contained in each individual contract of life insurance, and behind the idea embodied in each individual policy, there is an idea of larger and much more comprehensive scope, the

admission of which will clearly show that the life insurance policy should be taken out of the category of ordinary merchandise. Life insurance is a system of practical beneficence with which the company itself, regarded as a corporation, has very little to do, except that it is the medium or instrumentality through which a vast number of co-operating individuals act. The essence of life insurance is the co-operation of a number of individuals to secure benefits and immunity from troubles and dangers which the individual could not safely secure himself against. This form of co-operation has to choose or select a medium through which it will act, and by means of which it will give practical effect to the wishes of those so co-operating. Therefore a life insurance company finds its principal justifying function as an arbiter of the equities of the individual policy-holders, and as the preserver of the balance of justice between them. The policy-holders need insurance, and it is arranged that insurance shall be provided for them, in varying amounts, according to the varying scale of premium payments made by them, and that the company shall be the instrument by which the collection of premiums is made, and by which the payment of benefits and indemnity is also discharged. In this light the company simply becomes a trustee, and in the carrying out of such a trust, absolute impartiality as between the various beneficiaries is essential, and no discrimination can be made between the different members so co-operating, without working a gross injustice little short of criminal in itself. Therefore I conceive that behind all the individual policies issued to the individual members of this co-operation, there stands the one fundamental agreement between the company on the one side, and all the policy-holders as a body on the other side. This one form of agreement, that stands back of and beyond all visible policy contracts, is the agreement that the company will be the distributing medium for the payment of death losses and other benefits, and that the policy-holders as a body will foot the bill, and furnish it with the means of discharging such indebtedness as it occurs. Under such an arrangement a company is under liability for insurances aggregating say two hundred and fifty millions of dollars, and its policy-holders (as a body) are under obligation to pay, say seven and one-half millions of dollars per annum, to enable it to discharge such insurance and other obligations as they accrue. In this view of the case, the separate policies issued to the individuals in such a scheme of co-operation constitute simply the measure of the individual's active participation in the co-operation. First and foremost comes the one agreement, by which those who join in such a scheme of co-operation bind themselves to pay to the company, or the distributing medium, so much money per annum; and subsidiary to this agreement comes the issue of separate policies to the individuals, as a means of determining the benefits to accrue to such individuals, and the measure thereof, in kind and amount, and the measure of contribution that such individual is to make to the general fund.

Of course the practical utility of such an illustration