

in the contract, unless that value should be less than that determined by the method above outlined. The policyholder receives whichever value is the larger.

On ordinary life policies, the single premium rates for paid-up insurance were American 4 1-2 p.c., loaded 50 p.c., up to age 60, and a somewhat lower loading at the more advanced ages. This inflicted the maximum surrender charge allowed by law, as the value of the paid-up insurance granted in accordance with this rule was just two-thirds of the reserve of the original policy. A large majority of the cases were found to have been settled on this basis.

Where a policy already paid up, or having a fractional paid-up value, was foreclosed, the face of the new paid-up policy was determined by proportion, thus involving no additional surrender charge.

The cash surrender values of paid-up policies were 90 p.c. and 100 p.c. of American 4 1/2 p.c. reserve on non-participating and participating policies respectively. The paid-up insurance given as surrender values was of the former class.

SETTLEMENT WHEN THERE IS A LOAN.

If a policyholder has a loan indebtedness under his policy and elects a cash settlement within the tontine period, he suffers a surrender charge. Where but small equities remain this is the usual settlement.

The cash value allowed, when directly applied for and when there is no indebtedness on the policy, is, in the case of life policies issued prior to 1889, 70 p.c. of American 4 1/2 p.c. reserve after the policy has been three years in force, increasing 2 p.c. each year until the whole reserve is payable at the end of the eighteenth year.

Term Extension.—Where term extensions were given, the equity in the policy, determined by subtracting the indebtedness from the reserve already described, was used in accordance with the terms of the policy to purchase paid-up term insurance for the face of the policy, less the indebtedness at American 4 1/2 p.c. single premium term rates, loaded 50 p.c. as before. Although at first thought this would look like a double reduction of the indebtedness, such was not the case, for the term granted was lengthened as the amount insured was decreased.

Automatic Settlements.—On the first policies which contained a provision for automatic settlements, the single premiums for term extension were American 4 1/2 p.c. loaded 50 p.c., but on the contribution annual dividend policies, the single premiums used are Net American 3 p.c.

The policies now issued by the company provide for automatic term extension purchased at net rates by any equity which may remain at time of cancellation of original policy.

DIFFERENTIATING BETWEEN POLICYHOLDERS.

The company claims the right, where application is made by policyholders to purchase for cash at the best terms possible, any policy representing a risk which, for any reason, may appear to be impaired. This impairment need not necessarily be due to ill health. Financial reverses, family troubles, etc., may enter prominently into the consideration. The price paid may be in excess, not only of the usual settlement, but even of the full reserve. Several instances could be mentioned and a more detailed examination of the correspondence of the department of claims would probably reveal more. This practice leaves much to the judgment of the company's executives and offers an opportunity for discrimination.

In regard to the foregoing practice, the counsel of the company gave an opinion, under date of February 2, 1911, of which the following is an abstract:

"I have carefully examined this law and considered this question, and am entirely satisfied that the company's practice is not a violation of the law, but is quite in accord with the law.

"The law prohibits the company from discriminating between policyholders of the same class and equal expectation of life. Where an insured has, after the policy is taken out, become physically impaired, then he is in a class on the basis of expectation of life different from the class he was in when the policy was written. Therefore, the policy as written no longer represents the expectation of life of the insured at the time the policy was taken out and the company is at entire liberty to deal with him on the basis of his expectation of life at the time he offers a surrender of the policy. There is absolutely no doubt of this at all, and the company's practice as stated by you in your memorandum is certainly within the law."

Unearned Interest Returned.—The company, in event of changes, lapses, etc., was careful to return to policyholders

unearned interest and balances due. The custom of the company is to make these settlements in cash. This, together with the custom of having all loan periods correspond with premium periods and all loan interest payments coincident with premium payments avoids many complications.

When, on account of changes, a balance was credited to a policy to meet future premium payments, the amount of complete premiums was discounted, but any remainder was held without discount as part payment toward the premium falling due next after the period covered. This ultimate balance is paid to the insured in cash upon demand and the completion of a satisfactory release.

Insurance Briefs.

Mr. L. O. Walker, well known in the West as inspector for the Commercial Union Fire, has been appointed Western branch manager of the Acadia Fire.

L'Union Fire Insurance Company, of Paris, has just re-insured the Manitoba business of the Jefferson Fire, of Philadelphia, which has withdrawn from the province.

A table compiled by the New York Journal of Commerce of the experience of burglary insurance companies in the United States during 1911, shows that while premiums increased by \$453,097 to \$3,257,384, losses advanced by \$225,254 to \$453,097. The average loss ratio of the whole of the companies is 34 p.c.

It is announced that an international congress of insurance brokers will be held in London from June 3 to 6. Among the subjects to be discussed are the advantages of international co-operation; state monopoly of insurance; fire insurance at home and abroad; life assurance; accident and other casualty insurance, and the training of insurance brokers.

INDIVIDUAL RESPONSIBILITY FOR FIRES.

Can any real progress be made in checking our fire waste, enormous as it is, until the man who has a fire ceases to be regarded as an unfortunate and is looked upon as a public offender? Individual legal responsibility for loss by fire seems a drastic corrective, but is it not the real remedy?

Under the Code Napoleon in France, a man is held responsible for fire damage to his neighbor. Each fire is investigated and the owner or tenant of any premises must show he is not responsible for a fire starting in any premises occupied or owned by him.

In France a tenant usually insures by one policy the following items: (1) His own property; (2) The risk of responsibility for damage to the building; (3) The risk of responsibility for damage to property of his neighbors. A landlord insures in one policy the following items: (1) His own property; (2) His responsibility for damage to the property of tenants; (3) His responsibility for damage to the property of his neighbors.

Why should not this be so when fifty per cent. of our fires are due to gross carelessness? Why should we pay our immense loss by fire when practically two-thirds of it is preventable by the exercise of proper care and foresight? The loss by fire in France is about one-eighth of that in the United States.—North Carolina Insurance Commissioner.