

GOVERNMENT IN INSURANCE

Engaging in Private Business

Following is the address of T. F. Daly, of the Capitol Life of Denver, before the National Association of Local Agents in convention at Cleveland recently:

There does not appear to be any justification for the nation engaging in insurance any more than in the dry goods business, and much less reason for it engaging in insurance than in the coal, steel, lumber or any other line of private endeavor, the only difference being that there is a prevailing belief that it requires less effort to undertake insurance than perhaps would be necessary in other lines.

There are times when drastic action by the Government appears necessary, and in passing I may say the virtues are not all with the insurance companies, nor with corporations generally. Where combinations of capital become extremely technical and refuse to co-operate in national requirements, at such time the Government may justify its entry into any business, but for only such period as an actual emergency exists. Under normal conditions competition takes care of the matter, becomes the supreme leveller of all business enterprise, and constitutes the economic principle at the bottom of our commercial life.

The apparent difficulty which the Government experiences with insurance companies is best illustrated by their unwillingness to underwrite, and the superfluous amount of red tape used in the conduct of the business, together with bottled up ideas regarding standard policies, rates and other set rules which limit the scope of their activities. I hope some time to see the principles of miscellaneous insurance broadened to the extent that underwriting may be effected much the same as it is in England, upon the merits of each risk. It is a well-known fact that you can get insurance on any sort of a business venture in Great Britain, while the red tape in the operation of insurance companies in the United States, takes precedence over every other consideration, and we as agents have to adopt a formula and set of rules prepared either in Hartford, Penn Yan or some other equally important seat of learning.

Little Co-operation

Again, there is a great deal of indifference shown by insurance officials as to exercising any co-operative practices in the conduct of their operations, while when it comes to a question of fraternizing, we are a great big disorganized aggregation of undeveloped insurance ideas. There has been a prevailing tendency among the officials of insurance corporations to limit the scope of agents by shrinking their in comes. This policy does not have a tendency toward amelioration or increased business. The time has come when the insurance official must bend to the requirements of conditions generally and prepare to the fullest extent his company to meet public demands in all lines of underwriting.

During the period of the war, I am in favor of the Government having every aid possible in its marathons with the Hun.

There is a great tendency at the present time both in State and National politics, to develop a social brand of insurance intended to cover all the ills which the human mind can conceive, without much regard to the science of underwriting or to the determination of liabilities. I am aware of no par-

ticular reason why the Government should pledge the funds of the taxpayers in a social benefit way to the detriment of the majority, and I feel that Congress will consider the matter from the standpoint of refined political economy. It is a fortunate thing for the insurance companies, as well as other lines of endeavor, that there are some sound thinkers in Congress.

Stifling Incentive

Take the element of personal gain away from any business, and you find enthusiasm lacking—you do not find the same incentives demonstrated in it progress. Socially the result of Government ownership of insurance, railroads, telegraphs or other classes of business would in a few generations be reflected into the brain and manhood of the nation in a way that would be even more detrimental than the so-called plutocracy of to-day.

When you take away from the individual the opportunity to make money, or to use his brains in some manner which will enable him to make money you are taking away the mental stimulus which goes to make up the man, and when you destroy a man by this process, you weaken and destroy the Government back of him. You tear down the ideals of the Republic because the only class of citizens you have remaining are compensated by the Nation and are indifferent, and are, therefore, not particularly interested in its development.

As we view the future, we must consider insurance in connection with national advancement. Thus, when we consider the immense programme of construction of bottoms in which the Government is now engaged, we must endeavor to find a solution through commercial channels for the utilization of our stock of ships after the war—a field in which marine insurance must be a guarantee of indemnity and sound credit. It would be much more in keeping for those who advocate taking over insurance, to provide assured service for our merchant marine when we are again compelled to face England, France and the others, with perhaps Germany, as competitors in the commercial business of the world. Shall we have a period after the war of depression due to lack of foresight, or, shall a perfect and comprehensive organization be effected to create trade agencies and arrange business with foreign nations in all parts of the world in order to increase the markets for the commercial interests of this country?

The Future

Every business man in the United States has as much interest in the Government remaining outside the insurance business as the insurance men themselves, as all commercial business is interwoven with insurance, and the ground-work of credit is well-founded protection. Again, his business may be confiscated under the same ruling used in acquiring the insurance business. The principle upon which his effort is founded may be prostrated and made of no avail by short-sighted politicians who have not the ability to grasp the business status of the nation.

There are conditions and channels of trade which our politicians might well be engaged in analyzing instead of trying to make the insurance business and other established business the target of political propaganda. Insurance with its world-wide agencies, with its ability to pay losses whenever and wherever losses occur, with its statistical knowledge of con-

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