

SURETYSHIP—A TEN TALENT BUSINESS.

(By Wm. H. Burgess, Secretary, Canadian Surety Co.)

(Continued from last week).

ACCOUNTANT.

Our surety man should also be an expert accountant, for no matter how carefully the underwriting is conducted, claims will come, and then the need for the expert in figures arises. It may be that some fiduciary has proven recreant to his trust, and when he feels that his misdoings can no longer be hidden, "shuffles off this mortal coil," leaving his surety to account for him as best it may. In such cases, if any books or records have been kept, the chances are that they have been falsified, and our accountant must with the utmost patience try to trace the actual conduct of the trust and from a bit of information here, a clew there, and a bank deposit or withdrawal yonder, make up an account for the Court, in order that the surety may not have to pay for the neglect as well as the misconduct of the one who has been unfaithful in his trust.

Again, it may be that some poor employee beset with misfortune, endeavoring to keep body and soul together on an insufficient salary, under the stress of illness in his family or some other dire need, finally succumbs to the wiles of the tempter who is continually dogging the footsteps of each one of us, and takes the first step in the path which leads to his ultimate downfall. This first step is, by the way, in nine cases out of ten, wholly without criminal intent, the employee fully intending to repay the loan, as he considers it, at a more convenient season. His misdeeds are discovered and the employer thinks the opportunity a good one to clean up old scores, and fills up a claim with items for which the unfortunate employee is in no wise responsible. Unscrupulous bankers have been known to attempt to recuperate on bad loans through the misfortunes of a cashier who has abused the trust reposed in him. Occasionally, we find that it should have been the employer, rather than the employee, who ought to have been bonded. In such cases, the services of the expert accountant will be of value, in order that justice may be done to the Company, and to the unfortunate employee as well.

Surety underwriting may be said to consist of two things—first, forming a judgment as to the uprightness and integrity of an applicant and backing up that judgment with the Company's guarantee—as in a fidelity bond,—and secondly, estimating the amount of credit to which a party may be entitled—as in a contract bond. The accountant's familiarity with figures and financial statements, and his ability to properly analyze them, are of the utmost importance in connection with the credit side of underwriting.

BANKER.

It will be well, too, if our man should happen to be a banker, or a man versed in financial affairs. Many bonds which we are called upon to issue are of such a hazardous nature—practically guarantees of credit—that they can be given with any degree of safety only when secured by the deposit of collateral. In the taking and handling of this collateral, the financier's training will be of value.

Then, too, while the practice does not obtain here, in many places it is the law or custom that all public funds deposited in banks must be secured by bonds guaranteeing the repayment of the deposits on demand. These bonds carry a good rate of premium and the selected risks are highly desirable. In taking applications for such, the representative must have a sufficient knowledge of banking to be able to analyze the bank's statement and see that its assets are liquid, its reserves sufficient, its loans to officers and directors moderate, the percentage of its public deposits to total deposits not unduly large, and generally to be able to detect therein anything that should serve as a warning or danger signal of an unhealthy condition in the institution's affairs.

ACTUARY.

You will all concede that our ideal representative shall also be an actuary. Corporate suretyship is a comparatively modern institution and the risks are so various, especially in the surety lines, that it has not yet been possible to put the business upon an actuarial basis. But some of the companies have been in the business for a sufficient length of time to make their experience of considerable value, and we sometimes find that risks which, by reason of the language employed in the bond, seem to fairly bristle with possibilities for losses, are in actual experience quite harmless—for example, here is the condition of a bond required to be given by a plumber:—

"Now, therefore, the condition of this obligation is such, that if the above-named whenever any such permit shall have been obtained by him from the said Commissioner of Public Works to break any such street surface for any or either of the above-mentioned purposes or any purpose whatever during the period commencing and ending shall well and faithfully comply with the ordinances of the city of and the rules, regulations and directions of the said Commissioner of Public Works, and shall indemnify and save harmless the said city of from all costs, loss or damage which it may sustain or become liable for on account of any accident or otherwise, occasioned directly or indirectly by the work done under or pursuant to any such permit, or growing out of the occupation of any such street for such purpose, and shall promptly pay, upon demand by the Commissioner of Public Works, any and all expense that may be incurred for the removal or restoration of the pavement of any such street, or in maintaining the same in suitable and proper condition thereafter, then this obligation shall be void; otherwise it shall be and remain in full force and virtue."

That certainly sounds formidable enough to intimidate even the boldest underwriter, yet those bonds have been freely written for years at a very nominal rate, and there is yet to be recorded a loss under one of them.

ENGINEER AND CONTRACTOR.

The premiums received from contract bonds are an important source of revenue to surety companies, and if our agent is to attain the highest degree of efficiency, he should possess some knowledge of contracting and engineering. Especially is this true if he is to be given authority to execute bid or proposal bonds. When you pass upon an appli-