

OFFICES FOR RENT
In the new Bank of Commerce building, beautiful
March 15th.

TWENTY-SIXTH YEAR

RESPONSIBLE OFFICIAL OVER ROOT OF THE INSURANCE EVILS

Entrenched Behind Proxies, Officers Have Waxed Des- potic and Reckless— Commission's Findings As Result of World-Fa- mous Inquiry At Last Made Public.

New York, Feb. 22.—The commission appointed at the last session of the New York legislature to investigate life insurance, made its report today. It embraces a long review of the testimony taken by the commission and conclusions as to remedial legislation. In addition, there is a chapter devoted to the state insurance department, in which the commission declares that it would seem that the superintendent of insurance should have had ample power to ascertain the transactions of insurance companies, and that the department has not provided a sufficient protection against extrajurisdictional and malfeasance in the affairs of the Mutual Life Insurance Company, the Equitable Life Assurance Society, and the Equitable Life Assurance Society, in which nothing was brought out by the testimony given before the commission.

The report covers a printed pamphlet of 318 pages. After reciting the resolution authorizing the investigation by the commission, each individual company is passed in review. There are fifteen companies grouped under the laws of New York, including level premium policies, and in a single instance only, the policy of limiting its investigation to companies organized under the laws of another state. The company was the Prudential Life of New Jersey. The matters demanding the consideration of the legislature are of establishing more security for the business life insurance, and are grouped under the following heads:

- (1) Organization of life insurance corporations.
- (2) Control of the rights of policyholders in the election of directors.
- (3) Retirement of directors.
- (4) Investment including syndicate participations.
- (5) Limitation of new business.
- (6) Political contributions.
- (7) Lobbying.
- (8) Limitation of expenses.
- (9) Valuation of policies.
- (10) Rebates.
- (11) Surrender values.
- (12) Ascertainment and distribution of surplus.
- (13) Remedies of policyholders or right to resort to the courts.
- (14) Forms of policies.
- (15) Public and state supervision.
- (16) Penalties.

For Mutual Companies.
The committee on the insurance law so amended as to permit the formation of mutual companies with limited liability capital stock to transact the business of life insurance, and for such purposes as are authorized by law, to be connected therewith in the case of stock corporations; provided that at least 50 per cent of the shares be held by members therein in the aggregate amount of at least \$1,000,000 to be insured upon their lives, and shall have each paid in one full annual premium in cash upon the insurance subscribed for and provided further that they shall make the same deposits with the superintendent of insurance that are required of stock corporations formed for similar purposes.

Section 20, permitting the incorporation of companies with co-operative, or assessment plan, should be amended so as not to permit such companies to be incorporated in this state and foreign companies of this sort not already transacting business in this state should not be permitted to enter the state.

The Poor Policyholder.
Concerning the so-called mutual companies, the committee says: "NOTWITHSTANDING THEIR THEORETICAL RIGHTS, POLICYHOLDERS HAVE HAD LITTLE OR NO VOICE IN THE MANAGEMENT OF THESE COMPANIES. THE MOST ENTRENCHED BEHIND PROXIES, EARLY COLLECTED BY SUBSEQUENT AGENTS AND RUNNING FOR LONG PERIODS, UNLESS RECENTLY REVOKED, HAVE OCCUPIED UNDESIRABLE POSITIONS AND HAVE BEEN FREE TO EXERCISE DESPOTIC POWER. OWNERSHIP OF THE ENTIRE STOCK OF AN UNLIMITED STOCK CORPORATION STANDS AS A TENURE MORE SECURE. THE MOST FERTILE SOURCE OF EVILS IN ADMINISTRATION HAS BEEN THE RESPONSIBILITY OF OFFICIAL POWER. However much this may be expected in the case of absolute control, in that of a mutual company it proceeds from a flagrant disregard of the law of its being. It should be plainly understood that the management of a life insurance company should be entrusted to such persons as are not likely to be frequently changed. IT IS OF THE FIRST IMPORTANCE THAT THE DIRECT RESPONSIBILITY FOR THEIR CONTINUANCE IN OFFICE UPON PROVED EFFICIENCY AND NOT UPON A PRACTICAL INABILITY OF THE POLICYHOLDERS TO DISPOSE THEM."

The Remedy.
"With these objects in view, the following plan is recommended: At least five months prior to each election lists of policyholders having at least \$1,000 of insurance in force, properly classified by states and countries, giving names and addresses, but not the amount of insurance, should be filed with the superintendent of insurance and similar lists should be open to inspection at the home office of the corporation. Lists also open to inspection of policyholders within each state and foreign country should be filed at the general agencies of the companies, and where necessary voting should be limited to those who have been insured at least one year before the election, and whose policies are still in force when the election is held. The board of trustees or directors should annually nominate candidates to be voted for at the next election, and should also nominate candidates with the superintendent of insurance at least four months before the election, together with a designation of persons to receive proxies to vote for such candidates. It should also be provided that any group of policyholders should be privileged to make nominations with the superintendent independent of the board of trustees or directors. Persons who will receive proxies to vote for the candidates, at least three months before the election. The corporation should be required at least two months prior to the election to mail to each policyholder."

DEFERRED DIVIDEND MUST GO.

The committee expresses disapproval of deferred dividends, saying: "There is no reason why the dividend should not be annually declared. The deferred dividend plan is to be supported, if at all, upon the ground that there should be no interference with freedom of contract. But in this matter of freedom of contract should yield to important public policy. Of all the reforms suggested by the committee, nothing, it is believed, is more imperatively demanded than that the companies should be compelled to exhibit the results of their management by annual account- ing."

No substantial amplification of the powers of the New York State department seems necessary, according to the commission, which holds that most of the evils which have been disclosed by the investigation would have been impossible had there been a vigorous performance of the duties already laid upon the insurance department.

The remedial legislation recommended by the commission provides for the safeguarding of the rights of policyholders in mutual companies in election of directors and recommendations that stock companies be given authority to retire their stock and become mutual companies, but that such mutualization shall not be compulsory.

Various regulations are urged to prevent unwise investments and improper syndicate operations. The sale of prohibited securities within five years is advocated. A recommendation for the limiting of new business to \$150,000 a year is made. The commission favors the prohibition of contributions by insurance companies for political purposes.

Lobbying is condemned, and the wisdom of economical management is urged, by the commission does not deem it desirable that the legislature should attempt to prescribe the expenditures of insurance companies.

Further recommendations are made on the valuation of policies, surrender values, surplus, forms of policies and publicity of all facts pertaining to a company's business. An amendment to the penal code is recommended to provide that the person receiving a rebate should be equally guilty with the one who gives it.

All Mutual Companies Elect Officers in Fall

Until Then No New Board Can Be Chosen According to One Bill Committee Presents to New York Legislature.

Albany, N. Y., Feb. 22.—The net result of a discussion in both houses in connection with the introduction in legislature to-day of the report and bills of the joint special life insurance investigating committee, is that there will be a public hearing of the bill, set for Friday, March 9, at 11:30 a. m., in the assembly chamber, and two days after the adjournment of legislature. Employers of such agents must file a statement showing the amount paid and the purpose and time of the appearance.

McNaught Wins by 1421

EIGHT PAGES—FRIDAY MORNING FEBRUARY 23 1906—EIGHT PAGES

McNAUGHT WINS BY 1421 CANDIDATES EXPLAIN WHY

Victor Sees in His Election
Triumph For Public Rights—
Vanquished Blames Defeat
on Party Apathy.

A Pleasantry.
When Mr. McNaught and some of his supporters came into the World office after the victory was assured, the victor was congratulated by the staff. He gave the good news, and in reply received the information that Mrs. Urquhart had just told the result and had extended the heartiest congratulations.

With a greatly reduced vote for the "old line" party candidates and an increased vote for Mr. McNaught, the result was a surprise to many. McNaught was elected in North Toronto yesterday by a majority of 1421 over Thomas Urquhart. The figures as compiled from returns received by Sheriff Mowat, returning officer, at the city hall, showed the following result:

Ward 2	1050	49	582
Ward 3	1198	108	826
Ward 4	1408	88	970
Ward 5	182	17	121
Total	3838	262	2418

In the last election (1905) the figures were:
Ward 2, 1050; Ward 3, 1198; Ward 4, 1408; Ward 5, 182.

McNaught's victory was a surprise to many. He was elected in North Toronto yesterday by a majority of 1421 over Thomas Urquhart. The figures as compiled from returns received by Sheriff Mowat, returning officer, at the city hall, showed the following result:

Quebec Legislature.
Quebec, Feb. 22.—Premier Gouin is making an effort to finish the business of the legislature by March 8, in order that the house might prorogue on that date.

MARRIAGES.
HARTNEY—FOUR—On Wednesday evening, Feb. 21, at 8 o'clock, at St. King's, Toronto, William Vaughn Hartney, eldest son of W. F. Hartney, and Miss M. J. Hartney.

DEATHS.
COLEMAN—At East Toronto, on Feb. 22, 1906, Stella Coleman, beloved wife of R. Coleman, in her 27th year.

CITY WANTS TO DO PLUMBING
Masters Appear Before Legislature
Opposing Wages' Resolves.

"Maltese Cross" Rubbers.

ONE CENT

Investigate! Investigate!

Specimen Letters From Policyholders Who Want to Know
More of What Has Become of Their Money.

Insurance President's Forecast of What an Investigation Would Show.

Below are given a few policyholders' letters endorsing The World's action in favor of an insurance investigation. They speak for themselves. Editor World: Enclosed you will please find my form of petition for investigation of the life insurance companies. I may say that I have been insured in the Canada Life for the past sixteen years for \$10,000, during which time I have paid them \$2123.00 in premiums, and have received \$447.45 in bonus. In 1904 a lien was placed on my policy by the company of \$375.00, for that my policy now calls for only \$505.00. They claim that this action was necessary by reason of their profits not having amounted to the percentage estimated by them, and the difference had, therefore, to be made up by the policyholders.

I sincerely hope there will be an investigation, as their mode of doing business is very unsatisfactory, and the enormous profits which they claim to have earned, in some of their advertisements are apparently not credited in any way to the policyholders.

Editor World: I beg to enclose you coupon signed as a policyholder in the Great West Life Insurance Co. I hold a policy in this company for ten thousand dollars. I have drawn over \$200 in profits at the end of each year. The company has been in business one from the Confederation, and the other from the Waterloo Mutual, and in both cases it has turned out with me exactly as you describe in your article, that is, not as represented by the insurance company. In both cases I was very much disappointed, in the amount was not anything like the insurance company gave me to understand.

I approve very much of your articles, and I do think it time that the government do something on the lines which you propose, and will look with great interest at your articles on this matter until it is wisely sifted out.

Editor World: Enclosed please find coupon filled out as per your request in today's paper. I am very much pleased to read your paper from day to day and cannot return my thanks for the way you have shown up insurance methods to me.

I am a policyholder and also an agent, and I can assure you I do not care to write any more business for a company that gives their shareholders a larger percentage of profits than their policyholders receive.

Editor World: I will be pleased to help in any way I can. I have a twenty-year endowment policy for \$1000 in the Sun Life and have paid fifteen years' premiums of \$44.80, with profits added to premium. I will watch The World for results.

Fill in and post the form below to the Insurance Editor of The World. Get other policyholders to sign.

FORM FOR SIGNATURE.

We being (policyholders) being a policyholder in an insurance company licensed to do business in Canada hereby sign the petition in support of a parliamentary investigation of the transactions of the companies, with a view to amending the present insurance law.

NAME.....
ADDRESS.....
INSURED IN THE.....COMPANY

PRESIDENT OF EQUITY LIFE DISCUSSES SCOPE OF INVESTIGATION.

Henry Sutherland, the widely-known president of the Equity Life Assurance Company of Canada, and for about fifteen years manager of the Temperance and General Life Assurance Company of North America before its amalgamation with the Manufacturers' Life, makes in the current issue of The Equity Advocate the following clear-cut propositions with regard to a thorough-going investigation into the affairs of Canadian companies.

Mr. Sutherland, with his large experience both as an active working agent and also as a successful manager, evidently speaks from the abundance of knowledge and practical. His suggestions are as timely as his conclusions are convincing. We have taken the liberty of putting some of Mr. Sutherland's suggestions in black-faced type:

"An investigation into the affairs of Canadian companies has been a condition more strenuously than the officers of the Big Three did before the facts were forced from them by the inquiry.

"These things and others which do not come within the scope of present inquiry an investigation should show."

"If it is not desired that the investigation should cover any of the ground covered by the insurance department, which examination is no doubt honest, and thorough as far as it goes, it does not, however, go far enough to show all that it should reveal to the public who are asked to give the companies a license to do business."

"The investigation should go far enough to show the reasons for the inordinate increase in expenses of management and cost to policyholders, both on account of increase in premiums and decrease in surplus returns to them."

"It should show what becomes of the extra loading on premiums paid by insurers on with-profits plans, which they suppose is invested to make profits for them."

"It should make clear how funds are invested and whether at any time during the year any of the companies make speculative investments not contemplated by law."

"It should show whether any of the companies purchase securities thru allied or subsidiary concerns of which the directors or other officers of the companies are also officers or directors; and from both of which they may derive revenue or profit."

"If rumors be true there is strong reason for such an inquiry."

"Officers of Canadian companies cannot affirm the non-existence of such a condition more strenuously than the officers of the Big Three did before the facts were forced from them by the inquiry."

Follow the above clearly-blazed trail! Show they the courage to say: "This is the way, and we shall walk in it!"

East's February trunk, bag and case sale is a revelation in stock selling. It is only shown that the best goods at popular prices makes what is usually looked upon as the dull month of year a very busy one with us. East & Co., 300 Yonge Street.

Architects! Have your blue prints made by Lockhart Photo Supply Co., 16 Temperance St. Phone M. 1746.

Club's Panettella.
The new cigar is having a great run. Five inches long, made by hand from the old matured Havana tobacco. A sweet, mild smoke. 5c, six for 25c; twenty-five in box \$1. Sent prepaid in Canada. A. Clubb & Sons, 49 King West.

Edwards, Morgan & Company, Chartered Accountants, 25 Wellington Street, East. Phone Main 1103.

Does Your Watchman Do His Duty?
The board of undervisors allow a debate on buildings and contents of buildings using our system of electric watch signals. The Holmes Electric Protection Co. of Toronto, Limited, 5 Jordan Street. Phone Main 676.

Architects! Have your blue prints made by Lockhart Photo Supply Co., 16 Temperance St. Phone M. 1746.

York Springs Ginger Ale is superior to any on the market. Ask for it.

Continued on Page 2.

Continued on Page 2.