

The Chronicle

Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

R. WILSON-SMITH, *Proprietor.*

GUARDIAN BUILDING, MONTREAL.

Annual Subscription, \$2.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, JANUARY 11, 1907.

LIFE INSURANCE LEGISLATION.

The Committee of Fifteen, composed of insurance commissioners and superintendents from various States, have published a pamphlet containing seventeen suggested bills for uniform legislation throughout the United States. A summary of these will be published in next week's issue of THE CHRONICLE. It is said to be the intention of the Committee to have these bills submitted this year to about forty legislatures in all. One can scarcely imagine the possibility of even a score of States passing these bills *in toto*, or indeed, agreeing upon any uniform code of laws relative to insurance. But the movement may have distinct usefulness in educating the United States public to the desirability of somehow securing Federal legislation and supervision along broad and general lines, in place of widely divergent and harassing restrictions enforceable by dozens of State commissioners.

The Committee's statement also contains a resolution which reads as follows: "Whereas retaliatory laws are wrong in principle; and place upon policy-holders and companies unnecessary expense, therefore, be it resolved, that it is the sense of this Committee that all retaliatory legislation should be repealed." Here again it is hard to be hopeful that state legislatures, one and all, will be influenced to that "concord and amity" which the good commissioners have in view. New York's drastic measures are not likely to be calmly endured by the companies of other States, and influence will undoubtedly be brought to bear upon more than one legislature to enforce laws retaliatory in their essential bearings—the commissioners' resolving to the contrary notwithstanding.

Far be it, however, from THE CHRONICLE to belittle the efforts of the Committee—or any earnest attempts, whomsoever by, that have as an end the betterment of life insurance throughout North America. Never before in the history of any

great world-business have so many keen thinkers devoted their best energies to the solution of its difficulties—difficulties, some of them inherent in the business itself, though many have been loaded upon it by undue interference from without.

The provisions advocated by the Committee are another instance of the growing paternalism in government that characterizes the democracy to the south of us. Were we to grant that governments should concern themselves with the minutiae of life insurance business—which we do not—the proposals of the Committee of Fifteen would come as close to being right as any that have been given publicity in the United States. Some of the more objectionable features of the Armstrong Bills, notably the arbitrary restriction of expenses, have been either omitted or modified; and certainly the proposals are much more sane than those recently formulated by the Wisconsin Legislative Committee. But the substitution of a modified preliminary term valuation is scarcely likely to be considered by conservative actuaries as an improvement even upon the "select and ultimate" feature of the New York enactments—especially as there is further provision permitting certain limited payment forms to be "full preliminary term."

And this proposed valuation method is not to be enforced as a minimum standard for all companies, but only for such as write their policies in a specified way. Thus it might happen that a State would consider one company as insolvent though its position might be really stronger than another certified by the State itself as solvent. This inconsistency goes far to nullify the value of the Committee's recommendation for greater publicity in companies' accounts. With the principle of publicity itself we are in hearty accord, but it must be publicity that is fair. And there is grave objection to the Committee's proposals' on the ground of unfair comparison between companies. The first year Gain and Loss Exhibit, as provided for, sets against the expenses the margins in first premiums, after showing reserves calculated on each company's own basis. With no fixed minimum valuation standard, such comparison must necessarily be grossly unfair to those companies with higher valuation standards.

Altogether Canadians may well hope that the conservative and thorough recommendations of our own Life Officers' Association will carry more weight than the findings of our friends across the line. Legislation along broad lines, with provision for the utmost of fair publicity, will do vastly more to the permanent advantage of the Dominion's insurers and insured alike than any amount of paternal attention to details with which Government should essentially have no concern.