

THE ROYAL COMMISSION AND THE PRESS.

The criticisms of individual companies by the Royal Commission do not err upon the side of leniency. Those who prejudged the work of the commissioners as a whitewashing process have assuredly earned the title of false prophets. Apparently the report has been given without fear or favour. And there is advantage to the companies, as well as to the public, in the knowledge that the worst is known. There is satisfaction, too, in realizing that the defects which were brought to light are already in large measure guarded against for the future by the publicity of the report itself, while others can as undoubtedly be remedied by changes in the Insurance Act.

But while careful study of the Commission's report should, on the whole, contribute to a state of "hope and chastened contentment," there remains the danger of a distorted perspective being presented to the general public. The casual reading of newspaper summaries does not conduce to a well balanced judgment of the report as a whole. Many of the newspaper digests were admirable examples of prompt and enterprising journalism—but the tendency of the daily press to emphasize the sensational was not altogether absent. Then, too, there were several more or less important inaccuracies, such as might be expected in the synopsis of a document that is necessarily somewhat technical in certain of its sections. The net result has been that the criticisms of past acts have somewhat overbalanced in emphasis the recommendations and suggestions made. For the present and the future, the constructive features of the report are of more vital interest and practical value than its critical dealings with events that belong to the past. In the best interests of the Dominion, the press of the land should be most careful not to give such prominence to discovered defects as will tend to an exaggerated public opinion either at home or abroad. When all is said and done, although there are certain acts to be regretted, there is but little that should continue to perturb. Some abuses were brought to light, and some individuals are held to have failed in recognizing the impropriety of certain practices in management. But, as already said, publicity in itself has already gone far as a corrective. There is practical satisfaction, too, in knowing that in actual cash results the companies do not seem to have lost through the irregularities to which the commission takes exception. Rather, on the whole there has been financial profit by which the policy-holders will benefit. While this does not justify whatever may have been unwarranted, it should reassure the public as to present financial standing.

That the commission itself is satisfied as to the substantial soundness of life insurance manage-

ment in Canada, is evidenced by the recommendation against state insurance. As pointed out in THE CHRONICLE of last week, this stand seems in accord with the conclusions both of practice and of theory. That a government insurance fund could give policy-holders materially greater benefits than a well-managed company seems altogether unlikely—unless state philanthropy were to supplement strict business procedure. The sources of surplus to a life insurance fund are three—savings in mortality and in expense, and realization of interest earnings in excess of those required by its calculation basis. It is not easy to see how government insurance could secure a better class of lives than is obtained by the companies. So that this source of surplus would yield no more to those insured by the government, than to the policy-holders of ordinary companies. That the expense of doing business—providing the government employs the agency system—would be appreciably less than with the companies does not seem at all probable. Here, too, hoped-for advantages vanish. And as for interest returns, the average rate of the New Zealand Government Insurance Department during the past five or six years has varied from about 4.4 p.c. to 4.5 p.c. The rate earned by all the Canadian companies, as calculated by THE CHRONICLE, is about 4.0 p.c. Of course the comparison is not an exact one, as conditions vary somewhat in different countries, but the most sanguine advocate of public insurance would scarcely assert that a government department could count on a more favourable income return than that obtained by ably managed Canadian companies to-day.

Two plans are to be considered by those who advocate the conducting of life insurance by the government. Policies may either be sold "over the counter" to those who wish to buy, or they may be sold through an agency organization similar to that of ordinary companies. That the first plan would fall almost into disuse—even if the rates were considerably lowered—seems altogether likely, judging from experiences already mentioned. What the alternative plan involves has also been noted. Are its advantages, if any, sufficient to warrant the government in adding another insurance company to those already in the field—a company which, like the New Zealand Insurance Department, might enter into competition for new business at an increasing cost ratio?

BRANCH SAVINGS BANKS are the subject of an amendment to the New York State banking laws proposed by Chas. H. Keep, the new State Superintendent of Banks. He refers to the fact that there are now thirty counties in the State without savings banks, and believes that to remedy the matter, an authorization of branch banks is the most feasible plan.