

FINANCIAL ITEMS.

A new U. S. bond issue is deemed probable, the amount probably being \$25,000,000 though double that amount is on the cards.

The Inspectors of the Banque du Peuple are now at work on the Quebec accounts; when through with them their report will be issued. The amount borrowed from other banks in July last has been all repaid.

The Finance Committee of the Hamilton City Council has unanimously refused to consider the proposition to grant an additional bonus of \$250,000 to the Toronto, Hamilton & Buffalo Railway. Hamilton has already granted railway bonuses to extent of \$1,500,000, which, for a city with a population of about 48,000, is a very large amount.

The Presidents of the American Bankers Associations have just decided to take concerted action in issuing campaign literature throughout the United States, in the hope of indoctrinating the electorate with sound ideas upon currency and banking. This step seems to have been suggested by our comments on Mr. B. E. Walker's paper on 1st inst., which we commended to United States bankers for the above purpose.

Newfoundland is greatly agitated over a demand made on the shareholders of the Commercial Bank, now being liquidated for payment of \$200 on each share under the double liability Act. Having already lost their investment, the call to the bulk of the stockholders means absolute ruin, indeed many of them could not meet the demand under any circumstances. This additional blow to the credit of the Island should not be given without the greatest consideration, as there is danger of the panic returning.

The Bank of Scotland has just celebrated its bicentenary, having been opened in 1695. The chief offices of this bank are in Edinburgh, Glasgow and London, besides which it has 115 branches in Scotland. Besides the directors, there are 754 managers, clerks and other officials in the service of the bank. When first opened, the Bank of Scotland had \$50,000 of capital, in 1796 it was increased to \$5,000,000, and at a later date to \$6,250,000. It enjoys a circulation of \$4,592,800. A century ago its deposits were only \$3,000,000, to-day they are about \$74,300,000.

The State Bank of Russia has somewhat of the pawnshop element in its business. It lends money on all manner of goods up to 75 per cent. of their value, and charges the low rate of 4½ per cent. on advances; it is able to do this by giving only 1½ per cent. for deposits of which it has a monopoly. The Government with its extreme despotism combines a share of socialism. It buys wheat, as it has done this season, to help the farmers, and now practically controls the Russian market. The State also has a monopoly of the entire liquor trade, as well as that of sugar and coal.

The Bank of England's still coin and bullion increased only £287,000 last week, although the net influx of gold from abroad was £446,000. The details were £858,000 in bars, and United States coin bought, £200,000 exported to the Cape, £100,000 to Alexandria, £52,000 to South America, and £50,000 to Rio. Americans were very dull to-day, the position in regard to the Treasury giving cause for a revival of uneasiness. The impression prevails that the syndicate cannot go on providing the Treasury with gold except by importing it, and that, of course, would be distinctly unprofitable.

Correspondence.

We do not hold ourselves responsible for views expressed by Correspondents.

"ONE PHASE OF LIFE INSURANCE WASTE."

To the Editor INSURANCE & FINANCE CHRONICLE:—

I have perused with much interest your article under the above caption, in the issue for August 1st.

The statistics quoted by you are startling, and one would suppose the wise men, presidents and managers of companies—who cannot be ignorant of the facts and figures—would lose no time in seeking a remedy for so glaring and cancerous an evil.

The fact has been apparent for the last four or five years, that the competing companies have sacrificed everything for a large *new* business, and some of them have deliberately sought to replace old business of their own with new policies, in the mad scramble for a place in this unworthy race.

When the test word "new business" first came into prominence, I feel satisfied the companies had no idea they would ever become so demoralized as to actually encourage "twisting" not only their competitors' policies, but their own as well.

The question is not: Do the methods and plans of to-day require a change, but, *How* can a halt be called without losing prestige?

Several of the leading companies have, from time to time, made efforts to stem the tide of this growing evil, but single handed efforts not only proved abortive, but afforded rivals a temporary advantage, of which they were not slow to avail themselves. Let us enquire into the cause or causes, and perhaps the remedy will appear.

The old-time method of securing life insurance was by the appointment of agents, who had displayed some ability to write life insurance, and a premium was offered a capable man if he could secure a large and growing volume. The premium was in the form of a renewal commission, which made it a great object for the agent—each agent to retain on the books of the company all business once secured. At the same time a remunerative commission was paid each year for the new business secured.

In time, the successful agent reached a point where most of his time was required to look after his renewals, and the aggregate of these were of more importance to him than any new business could possibly be, and, with the choice before him, he naturally selected the more pleasant and, doubtless, the easier form of earning his daily bread.

The unambitious agent very soon became satisfied with his renewal income, and was thereafter practically a dead letter, so far as new business was concerned. A few, possessing both energy and business enterprise, continued to build up a large new business while retaining their old, and the value of such a or attract in such hands rather startled the company managers fifteen or twenty years ago.

However, the great question then was: What must be done to open up the territory for new business? new blood being really as necessary to an old line company as to an assessment company, with, of course, the vital difference that the old line company could go to sleep, and pay all maturing obligations, while the assessment *must* have new blood, or the old would very soon dry up and fall into the hands of Grim Death and the assignee.

We must have new business! how shall we get it? Through agents who shall be paid chiefly by a large commission or brokerage on first year's premiums and little or nothing on renewals. Then commenced the fight between the new order of things and the old order. At first it seemed to work well, because the men working under the new method had been trained to respect vested rights. Gradually the circle widened, taking in—in constantly increasing numbers—men who had never had any life insurance training, and whose moral sense was defective, men who were to be paid a large brokerage for the *first year*, and with no interest beyond.

Large numbers of such agents—special agents, they are called—had no ability—why speak in the past tense?—have no ability, have little or no knowledge; but, forsooth, they can afford to sell you your insurance "cheap," and this is now called the "Rebate Evil." Of late years, this system of doing business has attracted the smart but unscrupulous man, the number constantly multiplying. It drew into its