

be prevented and insurance would be benefitted thereby." Nonsense! The above clippings show that with all those supposed advantages, the slow-burning, semi-fire proof buildings, French laws and all, spoken of so wistfully by fire underwriters and writers on fire insurance on this side the Atlantic; fire insurance in France and Germany is suffering from the same trouble that bothers fire underwriters in this wooden country—namely, the shortness—inadequacy—of the premiums they are insufficient to cover the fire loss and the expenses, and leave anything like a show of profit to the shareholders.

What is needed in France, in Germany, and here, there, and everywhere in fire insurance, is a knowledge of the business on the part of the underwriter, with sufficient backbone, moral courage, to put his knowledge into his practice, and rate risks as he finds them, wherever, and under whatever circumstances they may be. Insurance every where calls for adequate rates and suitable contracts, without which it cannot succeed—pay. But given these it is sure to succeed; and to administer them properly, the well-informed, competent underwriter, is indispensable. Commission, and the commission man should be shown to a back, a far back seat, and made to stay there.

THE LIFE INSURANCE AGENT'S WORK AND HIS REMUNERATION.

In Part II of the Massachusetts' Insurance Report 1893, the commissioner, Hon. Geo. S. Merrill, has the following to say of the life insurance agents' work and remuneration:—

The work of the agent is important and essential, and, if successful, is often arduous and performed under discouraging and disagreeable circumstances. Without his efforts in bringing together and keeping up the membership the company would be impossible. His services are therefore indispensable, and should be adequately remunerated. Whatever is a reasonable compensation for his service he should justly have,

But there are two or three considerations that make it quite improper that such large flat brokerage should be paid in a lump sum. First, the whole of the premium is not intended to pay expenses with; an average of at least two-thirds of it is expressly calculated to pay cost of insurance and provide for the reserve. If, then, he receives from the first premium an amount greater than the loading, obviously some one else must be made to meet these other charges, and the amount is unjustly taken from the dividends of the old members. Next, this business is only valuable to the company if it stays on the books and pays premiums enough to make up for its cost to get and the other charges due from it. The only part of the premium that can be righteously used for expenses in any one year is the loading. If, then, the agent receives the entire first premium for his commission, and the policy lapses after only one payment is made, the transaction is not only useless to the company, but is a positive loss and injustice to the old members. Under such flat brokerage system, moreover, the interest of the agent in the transaction ends with its payment, and he can look on with complacency afterwards while a rival agent twists the policy into another company; while, if he were to receive his compensation in equal amount, but only in instalments from the renewal premiums as paid, each not greater than the loading, which is all the company has the right to pay in any year, not only would the company be spared any loss on the policy in case of lapse, but the agent would have a strong interest in encouraging the persistence of the membership, and would not be apt to regard the operations of the aforesaid twister with composure.

Nearly every agent would undoubtedly prefer this method of compensation, as the company could safely make it more liberal than a flat brokerage, and he would be providing himself an income for future years. The company would also have a powerful factor in securing persistency of membership.

Every good reason would seem to urge such method of compensating and encouraging the agents, promoting *esprit de corps*, loyalty and zeal, and at the same time removing a practice certainly unjust and wasteful in its effects, if not wholly illegal.

Messieurs Managers, the ready remedy for this inexcusable waste is in your hands.

EXIT THE ENDOWMENTS.

With the passage of the act to wind up the affairs of the eight remaining Massachusetts endowment orders, the last official chapter in this extraordinary craze will be written, and it only remains for the receivers to be selected and for these officers, with those previously appointed by decree of the courts, to close up the accounts and distribute the remaining assets. The compilations of their condition disappear from the insurance report, and their returns no longer disfigure the records of the department. During their brief existence the fifty-six Massachusetts corporations of this class gathered a membership of 364,000, and collected from the certificate holders ever \$12,500,000. From this sum less than nine per cent. of the membership received in payment of the earlier matured certificates over \$3,000,000, while above \$2,000,000 was paid in claims for sickness, a large proportion of this to certificate holders in excess of their contributions, and with the natural result of the immediate disappearance of these enriched members from the rolls, at the cost of those remaining. Nearly \$4,000,000—one-half undeniably if not undisguisedly a steal—went into the pockets of the promoters and officers as "expenses," leaving at the end only about \$3,500,000 for distribution to the remnant of 330,000 members, only a trifle more than was gobbled by the 30,000 who got in "on the ground floor," which list, of course, included all of the "supremes," their "sisters, cousins and aunts." The total amount of the obligations upon the certificates issued by these corporations in exemplifying their wonderful "new system of finance" for the benefit of the poor people, and towards meeting which a paltry \$8,800,000 was altogether collected, was nearly \$120,000,000. It is doubtful if the world's history, whether in the South Sea bubble, the Dutch tulip mania, or the Mississippi scheme, presents a parallel to the ghost dance in which the people were led by this wild and foundationless gambling infatuation.

Without one line of restrictive legislation, fostered and encouraged by the now admittedly unfortunate statute which gave them birth, all but eight of the fifty-six Massachusetts corporations fell to pieces by the inherent weakness of the scheme, leaving only that small remnant—two of these in the hands of the court and at least four others too weak to make the effort necessary to dying—to be closed up under the provisions of the law under consideration. The Iron Hall, father of the whole pernicious brood, collapsed nearly a year ago, blistered with fraud, deceit, and incompetency, and its apostle Somerby is a fugitive from justice, being under criminal indictment by the courts of Indiana. As the Insurance Commissioner had predicted, when the first of these concerns fell the rest toppled like a row of bricks.—*Commissioner Merrill's Report, Part II., 1893.*

THE METROPOLITAN LIFE INSURANCE CO.

The Metropolitan Life Insurance Company of New York is a wealthy institution. It is well-established in this country, and is regularly licensed to do all branches of life insurance in every part of the Dominion. A leading "line" with the company is its industrial business, which is very extensive and is rapidly increasing. The Metropolitan is, in fact, the leading industrial company of this continent, and is the second largest industrial life insurance company of the world, with the prospect of being at no very distant time the largest. Its progress is phenomenal, as will be seen from the following comparison between the progress made by the Metropolitan and that of the old Prudential of England, the parent of industrial insurance, we quote:

The London Prudential gained last year 199,900 policies—the Metropolitan, 433,289.

The Prudential's increase in "debit" was, apparently, about \$15,000 (a trifle less)—the Metropolitan's was \$43,680.

The Prudential added to its agency force 620—the Metropolitan, 1,244.

The Prudential's increase in collections for the year was \$804,000—the Metropolitan's, \$1,878,376.