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from one to the other that the conduct of sewing machine manufacturers and agents has been infamous. It would be supported by statistics showing the outrageous profit-takings of the middlemen, and all the things could be said about it that have been said about liability insurance companies and their agents.

A State Fund is solely for the benefit of those who become members of it and those who join such an association do so for the express purpose of receiving benefit therefrom in exactly the same manner as do the stockholders of a stock insurance company or the policy holders of a mutual company. The argument that the profits to stockholders are an economic waste is purely socialistic. If the argument is applicable to insurance it is applicable to every line of private business. If the public can purchase any article of merchandise without having to pay a price which will afford a return by way of dividends to stockholders, the public could surely purchase such articles more cheaply.

The adoption of the monopolistic State Fund in connection with insurance is a distinct departure from our form of government. This republic contemplates for itself purely governmental function only. Most of the arguments used for the advancement of the monopolistic State Fund are not arguments for the State Fund at all but are attempted arguments against private insurance. Therefore an argument against private insurance is not an argument for State insurance for it does not follow that the State Fund will cure or avoid evils of private insurance. There is nothing more erroneous than the argument that private insurance should not be allowed to make money out of injuries to workmen. The profit, if any, by companies is not made at the expense of the injured workmen. Such profit arises out of a transaction between the employer and the insurer by which the insurer undertakes a service to the employee at no expense to him whatever. This profit, if any, is a profit for service rendered to the injured party on behalf of the employer.

Government monopoly of insurance now stands out as an advance guard of extreme radicalism. Business has come to realize that the present condition throughout the country is but a development of the earlier scheme of monopolistic state insurance. Men in all walks of life are now convinced that any proposal to destroy personal initiative and confiscate the private dollar is a thrust at the vitals of our American form of government. To head off the calamity of State insurance demands much from insurance itself. It will not suffice that the business be carried on with indifference to the public demands, and unless changes are made and the wisdom and foresight of the leaders meet the needs of the public in a reasonable way, then extreme conditions through drastic legislation may be expected. Insurance is an industry which is dedicated completely to the service of the public and is in little

danger of receiving unfair treatment if it is properly understood by the public and the work of systematic education along proper lines should be carried on by all insurance organizations.

Mr. Henry Evans, On the Proposal for Less Stringent Unearned Premium Fund Requirements for New Companies in the United States.

The proposal for less stringent unearned premium fund requirements for new companies has caused much discussion in the insurance circles lately. Foremost among the opponents of the suggestion is President Henry Evans of the Continental, American Eagle and Fidelity-Phenix, who has written some three or four times to insurance commissioners explaining his views on the matter. President Evans holds that:

The present law is a proper law, because the premium reserve requirement is intended to, and should, cover the liability of the company to pay back a ratable proportion of the premium deposited by the policyholder in case it is desired to cancel the contract. That is all there is to it. You might just as well argue that a savings bank should not be required to carry as a liability 100 per cent of the amount deposited, because every savings bank makes some gains through the fact that depositors drift away and bank books are lost. In like manner the Continental, which used to do a participating business, issuing script, has on hand some \$32,000 or \$33,000 belonging to script holders that we can not get rid of because the participating certificates have been lost or destroyed and while it would be perfectly safe for us to write this liability off, still it is a liability and the law will not let us do so.

In England, the reserve requirements are intended only to cover the probable losses because there is no cancellation clause in an English policy—once a policy is issued, it has to run to expiration so far as the assured is concerned. In other words, the assured does not have the right to cancel and get back a ratable proportion of the premium. If the same conditions existed in this country, the unearned requirement could be safely cut down but under present conditions it can not be. You know, as well as I do, that new companies need very much closer watching than old companies, because very few of the new companies ever have success.

"Any letting down of the bars in the way of reducing the unearned requirements for the first five years, would be greatly detrimental to the interests of the insuring public. If a company is started, the stockholders should be made to understand that no profit is possible until the business is thoroughly established and that getting the plant costs money, which should be provided by paying in not only a surplus but a fund for the building up of the unearned premium reserve. The suggestion made by the gentleman you quote is in the interests of promoters but against the best interests of the insuring public."