

MONTREAL INSURANCE INSTITUTE.**INTERESTING AND ABLE INAUGURAL ADDRESS
OF PRESIDENT STEARNS.**

The Montreal Insurance Institute held its first meeting of the Session 1905-06 on 17th inst. Mr. Sargeant P. Stearns, manager at Montreal, of the Equitable Life Assurance Society of the United States, the new President of the Institute, delivered his inaugural Address.

After thanking the members for his election he spoke of last year as having been a very successful one for the life companies.

"But we are just now in the very heat of what I believe will prove to be a great revolution in the manner of conducting the life insurance business. The life insurance companies are looming large in the public eye. First one was made the target for all kinds of criticisms and investigations, and much unmerited, and I am sorry to say, some richly deserved abuse. More lately other companies have been put on the gridiron of investigation, and are now broiling there, and the end is not yet.

"The flaming headlines of the yellow press, and worse still, of papers which ought to have known better than to have published them, headlines which very often are not borne out by the text below, and as often denied by the issue of the next day, have so excited and confused the public mind that all sense of proportion has been lost, the innocent and careless have been condemned with the guilty, things of comparatively small importance have been made much of, and magnificent achievements and splendid administration have been altogether lost sight of or grossly misjudged.

"The great insuring public rudely awakened from an implicit belief in the honesty of management and the absolute security of the great life insurance companies and confused and frightened by the statements and exaggerations of the daily press and weekly papers and the foolish suggestions of amateur critics and ignorant writers, is full of suspicion of insurance generally. Competition between companies, state and national politics, internal jealousies within the companies, great financial interests, great transportation companies have all been brought into the general melee and added fuel to the flame, and all the benefits which life insurance has bestowed and is bestowing on the millions who have taken advantage of the protection it offers for the families of the policy-holder or for their own support in their declining years, are beginning to be held lightly or altogether forgotten.

"I do not for a moment deny that great abuses have gradually crept into the administration of some of the companies. Men at the head of these institutions of great force and character and energy, upon whom extraordinary responsibilities have rest-

ed through many years, and who have achieved great results, have come to forget sometimes that they are not the masters of their constituents, but their servants, and that the great funds that have accumulated largely by their business abilities and good judgment and devotion are not their personal property to be disposed of as they please, but are held in sacred trust for the benefit of policy-holders.

"But after all the losses to the companies through extravagances and craft of officers, if there has been any, are relatively small in comparison with the immense sums that have been made for the policy-holders by the marvellously good administration of these same officers."

"As Senator Armstrong, chairman of the committee of the New York Legislature now pursuing their investigation into the methods of life insurance management, said in a recent statement to the public: 'While there may be much to criticize in the methods with which the vast accumulations of these companies have been used, it must not be forgotten that large sums by these very methods have been brought into the companies' treasuries and that while many of the transactions which have come to light have put money into the pockets of officers and directors, they have also been exceedingly profitable to the companies, and the steady advance in values in most of the securities in which investments have been made has largely increased the volume of their assets and increased the profits which have been, or will be, given to policy-holders.'

"But after a while the dust of battle will clear away. The few wrongs will be ascertained and righted. Money that has been unjustly taken will be restored, officers who have abused their trust will be replaced, already some have been, by new men, administration will be lifted out of the ruts into which it has fallen and put on a sounder basis, new methods will be adopted where they are found to be needed, economies will be practiced and unnecessary expenditure done away with and it may be hoped that with it all will come a newer and better confidence in the great institution of life insurance and larger dividends and possibly smaller premiums to policy-holders.

"Some useful legislation will undoubtedly result and a better idea of the value of life insurance, the principles upon which it is based and its cost will be obtained by the public eye. But it is much to be feared that laws will be passed which instead of being for the pecuniary benefit of policy-holders will render it much more difficult to earn a satisfactory rate on investments and thereby pecuniary advantages to policy-holders will be diminished and the net cost of life insurance very likely increased.

"If the investments of the life insurance companies are to be restricted to a certain class of securities and their financial operations are to be kept