

proved efficiency and not upon a practical inability of the policy-holders to depose them."

The recommendations of the committee to give policy-holders more control over the elections of directors are, that 5 months prior to each election lists of policy-holders having at least \$1,000 of insurance be placed with the superintendent of insurance and lists also be open to inspection of policy-holders in each State and foreign country be filed at the general agencies of the company in such jurisdictions.

The Board of Trustees or Directors should annually nominate candidates to be voted for at the next election and file a list of such nominations with the Superintendent of Insurance together with a designation of persons to receive proxies. Any group of 100 members to be privileged to make and file with the superintendent independent nominations with names of persons who will receive proxies to vote at the election, at least three months prior to such election. The corporation should be required at least two months prior to the election to mail each policy-holder notice of the election together with a suitable ballot containing the names of all the candidates whose names have been duly filed with a properly addressed envelope for the return of the ballot. Minor regulations are suggested for the care of the ballots and for inspectors of the elections being appointed.

#### STOCK CONTROL CONDEMNED.

The committee declares that events have been "a most important exposition of the conviction that stock control of large insurance companies no longer commands confidence.

They recommend that directors of stock companies are given power to grant policy-holders the right to vote for directors. They also recommend that stock companies should be given the opportunity to convert themselves into purely mutual companies, but they do not wish this conversion to be compulsory.

#### INVESTMENTS OF LIFE INSURANCE COMPANIES.

The committee expresses decided disapproval of "syndicate" arrangements, and recommends such legislation as will provide as follows:

1. "That no investment in the stock of any corporation shall be permitted, except in public stocks of municipal corporations.

2. That investments in bonds secured to the extent of more than one-third of the value of the entire security, therefore, by the hypothecation of corporate stocks shall be prohibited.

3. That no loans shall be made upon stocks and bonds which are not the subject of purchase under the above provisions.

4. That every company now owning stocks or bonds of the prohibited classes shall be required to dispose of the same within five years from December 31, 1906 and each year prior thereto shall make a reduction of the amount of such investments to an extent approved by the Superintendent of Insurance.

5. The Statute shall also forbid all syndicate participation in transactions for purchase and sale on joint account and the making of any agreement providing that the company shall withhold from sale for any time or object to the discretion of others and securities which it may own or acquire.

6. It should also be provided that no officer or director should be pecuniarily interested either as

principal, co-principal, agent or beneficiary in any purchase, sale or loan made by the corporation, except in case of a loan upon his policy."

#### EXTENT OF NEW BUSINESS SHOULD BE LIMITED.

One of the most important recommendations made by the Investigation Committee is on the lines of a policy which has been advocated by THE CHRONICLE, as it has by several eminent actuaries and insurance authorities in the United States which is that the amount of new business that may be taken in any year be limited. The committee recommends that no company doing business in the State of New York, except industrial companies, shall issue policies in excess of the prescribed limits.

#### POLITICAL CONTRIBUTIONS TO BE FORBIDDEN.

The committee considers that insurance corporations should be strictly forbidden to contribute money from the company's funds in support of political candidates or platforms. The committee recommends the passage of an unequivocal and drastic measure to remedy this evil which has brought severe and just condemnation on all concerned.

#### EFFORTS TO CONTROL LEGISLATION CRITIZED.

The Committee regards the systematic effort of the large insurance companies to control legislation as deserving most serious consideration.

They declare that these companies have been organized into an offensive and defensive alliance to procure or to prevent the passage of laws affecting not only insurance, but a great variety of important interests to which, through subsidiary companies, or through the connections of their officers, they have become related. For such purposes the committee declares that, "Enormous sums have been expended in a surreptitious manner. Irregular accounts have been kept to conceal payments for which proper vouchers have not been required, hence a widespread conviction that large portions of this money have been dishonestly used. They suggest a strict accounting being required from those who are responsible for such payments as well as from the agents who received the moneys.

The committee points out that owing to so many voters having an interest in life insurance through whom influence can be brought to bear upon Legislatures and they declare that "the employment of agents to disburse large sums, and of clandestine methods to defeat legislation is wholly inexcusable."

The above procedure involves what the committee terms "the pernicious activities of corporation agents in matters of legislation, which demand that the present freedom of lobbying be restricted." In order to stop the practice of insurance companies expending lavishly for services in connection with the support of or in opposition to bills which is generally believed to be done for corrupt purposes, it is proposed, first, to have all such sums duly authorized, and next that all outlays in connection with legislative matters be set forth in detail in the annual statement with names of the payees and purposes of the payments.

#### SALARIES AND OTHER EXPENDITURES.

The committee deems it inadvisable to fix salaries and commissions by law, but all salaries of officers and compensation to persons receiving over \$5,000 a year, be reported in the annual state-