

ing off certain funds as security for the United Kingdom policyholders, and so destroy to that extent the use of the free fund offered by the unfettered accumulations in this country. I offer these suggestions as to the Assurance Companies Act with a fairly certain conviction that in the future, after a short or long distance of time, the matter will be brought to you for consideration."

TEN YEARS' INSURANCE GROWTH AND WASTE IN THE UNITED STATES.

The business that stays is the business that pays, is a maxim which both companies and agents, observes the Spectator of New York, are learning more and more to appreciate. But certainly the record of the past ten years indicates that it has not been so closely observed in the past as it should have been. That record in the aggregate is not at all a good one and must be improved on in the next few years. During the decade, 1900-1909, a period which included five years of extreme high pressure methods, followed by four years of distrust and agitation, twenty-four United States companies wrote over ten billions of new insurance, nearly thirty per cent. of which was lapsed before the policies became entitled to surrender values. Only thirty-six per cent. of the entire amount was retained on the books, while the natural terminations by death, maturity and expiry were less than 10½ per cent. of the amount written. From this, it will be seen, says the Spectator, that the pruning hook was applied to non-profitable business none too soon. Last year's experience shows that a steady reduction in the lapse ratio is to be looked for, although the surrender column may increase on account of the large numbers of deferred dividend policies due to mature in the next few years.

It may safely be asserted, the Spectator continues, that confidence in the permanency and soundness of the leading United States life insurance institutions has now been restored. The companies went through a severe ordeal in the several investigations, but nothing was elucidated that affected their financial solvency. Immediately afterwards they proved in a striking degree their reliability and adaptability by responding freely to the calls of their policyholders for cash loans on the contracts held. Many individuals and firms were tided over the financial panic of a few years ago by the loans obtained from life insurance companies and they have no fear as to the thorough safety of the legal reserve system.

THE ASSOCIATED BOARD OF TRADE of Western Canada, at its annual meeting just closed, adopted the following resolution in favor of a standard form for fire insurance policies: "Whereas, the present forms of fire insurance policies are many and varied, and in many cases are worded in such an ambiguous manner as to be difficult of interpretations and open to serious objection. The objectionable clauses are numerous and tend to useless and costly litigation. Therefore, be it resolved, that the Governments of Manitoba, Saskatchewan and Alberta be petitioned to introduce and pass such legislation as will make the using of a standard form of fire insurance policy (free from such clauses) compulsory."

EMPLOYERS' LIABILITY INSURANCE.

The Necessity for Fair and Adequate Rates.

It is said that, taking the employers' liability departments of British offices as a whole, the actual result of the experience of the offices in bulk during 1909, shows a net profit of .02 per cent. This, observes the Insurance Spectator of London in a review of the situation, is perhaps too pessimistic a view. But it cannot be gainsaid that while a few of the companies—probably the most conservative in their selection—have succeeded in making a small profit, the majority have found the business hitherto of a disappointingly unprofitable nature. A general revision of the rates is certain, and a large number of risks which experience has proved undesirable will be promptly blacklisted. Classification of risks has during the experimental stage been practically impossible, but certain classes of business have achieved an unenviable notoriety, and these risks, when the renewals fall due, will be extremely difficult to place.

The newer offices, to whom new business is an absolute necessity, continues the Spectator, will have no lack of proposals; but disaster inevitably awaits any office which is not now most careful in the business it accepts. Experience is the only safe and reliable guide, and in this department of insurance experimentation without expert knowledge must be suicidal. Only the most vigilant scrutiny, and the abolition of rate-cutting for the sake of securing business, can produce any profit; and unless a company can secure fair and adequate rates, it is better to allow the business to pass by. The incongruities in some of the rates quoted during the past year are almost unbelievable; for one particular risk the rates quoted by various offices varied from 10s. to 35s. per cent., and even more extraordinary differences have been reported. If a combination of offices—an insurance *entente cordiale*—were ever required, now is indeed the time, and the non-tariff companies would do well to seriously consider the tackling of the problem with a united front.

THE COMMITTEE OF UNION and Bureau companies, appointed to consider the possibility of a reduction of expenses in the United States west, has sent to every company operating in the field a letter reviewing at length the situation. The companies are informed that no general increase in fire insurance rates is possible, even though great conflagrations should seriously impair the reserves of the companies and the hope for the future of the business lies in a reduction of expenses and a lessening of the fire loss, the latter being accomplished mainly through the efforts of the companies and largely at their expense. The letter suggests that there can and should be established a schedule of maximum commissions to agents beyond which no reputable and solvent insurance company will go. The excessive cost of the business in large cities, says the letter, demands especial consideration, and it is suggested that, should there not be unanimity of action on this subject there will be in the near future, legislation which will establish not only a maximum, but a uniform rate of commission or expense, and such legislation is not likely to prove advantageous to the companies or their local agents.