

INSURANCE PROMOTION MANIA.**229 Companies Proposed in U. S. this Year.**

The United States is at present experiencing an insurance boom of an undesirable kind. The country is flooded with the shares of a great number of insurance companies of all sorts—fire, life, casualty and surety—which are being floated mainly, if not wholly for promoters' ends. In 1907, 107 new insurance companies of all kinds were projected or organized in the United States; in 1909 the number of new ventures announced was 237; since the 1st January last there have been stock offerings of 229 companies calling for capital and paid in surplus of some \$209,633,000. Since the beginning of 1905 the prospectuses of over one thousand new insurance companies have appeared.

Among this great number of new companies there are some, says the New York Journal of Commerce which are started with a view of actually transacting the business of insurance, and are legitimate ventures in every way; a few of these have already completed their organization and commenced operations, but the vast majority are promoted by parties having little or no knowledge of the underwriting business, who are only seeking profit from the sale of stock of the company, not caring what becomes of the institution once it is launched. These flotations are usually conducted by means of professional stock selling agents, who work for a high commission. This process of insurance stock flotation has become so notorious of late that the insurance commissioners of several States have taken the position that they will not license companies where the promotion expenses have exceeded 5 per cent. of the subscribed capital.

The wave of promotion comes mainly from the West and the miscellaneous lines of insurance are chiefly favored as the field best calculated to appeal to the public. The records of these ventures kept by the Journal of Commerce, reveal the following summary of companies organized or proposed in the different classes of the business, fire, life and miscellaneous (including casualty and surety), showing the proposed capital and subscribed surplus in the different classes:

Class	No. of Companies.	Proposed Capital.	Proposed Surplus.
Fire.....	77	\$44,903,000	\$30,355,000
Life.....	68	29,149,000	6,756,000
Miscellaneous.....	84	52,740,000	45,730,000
Total.....	229	\$126,792,000	\$82,841,000

The detailed list contains the names of some excellent ventures which have completed their organization and commenced business. On the other hand some of those cited in the list were brought forth in the first month or so of the year and have since fallen into obscurity with every probability that their flotation will be abandoned. In these instances there have been some subscriptions to stock secured, and payments on these accounts will undoubtedly be used to meet what costs were incurred, so that the subscribers will stand a good chance of losing their assessment. The attitude of the general public, says the Journal of Commerce, in its belief that all insur-

ance is a gold mine to the stockholders, because a few of the old institutions have made large profits from their past experience and costly plants, results in its being a fruitful field for the professional promoter, and they accept his figures of future profits rather than those of people experienced in the business.

In the opinion of many insurance men the activities of promoters of the class of company which never gets beyond the leading strings of those who brought it into being, have done much to stimulate that public sentiment in the United States, which has found expression in legislation against insurance as a high priced monopoly.

INSURABLE INTEREST.**How the Question is Viewed by U. S. Courts.**

By recent decisions of the Court of Appeals of Kentucky the following points regarding the vexed question of insurable interest have been laid down:—

(1) A life insurance policy taken out in good faith and valid at its inception may, with the insurer's consent, be assigned to one not having an insurable interest, if the assignment is in good faith, and not a mere cloak or cover for a wagering transaction.

(2) One obtaining a policy of insurance on the life of another, or who induces another to take out a policy for his benefit, must have an insurable interest.

(3) One may take out insurance on his own life, pay the premiums and name as beneficiary another not related to him, or having no insurable interest in his life.

In the decisions which are thus summed up are laid down what may be considered the soundest views on a question concerning which the Courts are in hopeless conflict. At an early date, writes the Insurance Law Journal, the doctrine that an insurable interest in the life was necessary to support a policy was laid down by the Supreme Judicial Court of Massachusetts, and such has been the generally accepted rule in the American Courts, except in New Jersey, where an early decision held that wager policies were not forbidden at common law and the precedent thus established has since been followed in that State. On the contrary in another case such interest was held to be necessary at common law. In England, whence the business was introduced into America, wager policies were common, until forbidden by Statute 14, George III, and the fact that this statute was not recognized in America as part of the common law has caused the doubts which have been raised. But while it has generally been admitted that such interest must exist in order to justify the insurance in the first instance, the Courts are widely at variance as to its extent or the necessity for its continuance. The English doctrine on this subject is more liberal than the American.

The courts are substantially agreed that every person has an interest in his own life which will support a policy payable to himself. They are further agreed that such a policy is valid where the beneficiary has such an interest. The chief