LAPSES.

It is a fact that termination of Life Insurance by lapsing of the policies has been reduced within recent years, but that it is far too large even now does not admit of controversy. That there must be a certain percentage of forfeitures goes without saying, owing to the change in the financial condition of so many policyholders following the time when they pay their first premiums. It is also true that one of the great remedies is the taking of due precaution in the first instance, that a policyholder is fitted with a policy suitable to his requirements and is not urged to take a larger amount than he can comfortably carry.

The general improvement in the character of Life Insurance Agents, the growth of Underwriters' Associations, the vast amelioration in the general tone of canvassing, have all gone a long way towards eliminating the "rebater" and the "twister," but the fact still remains that a great many policies are allowed to lapse when the second premium comes round for causes which appear to be entirely inadequate and unnecessary. The insured still needs the insurance, he has the money to pay for the insurance and he does not drop the policy to take insurance somewhere else. Is it because the unselfish and generous impulse which probably prompted him to insure in the first instance, has evaporated in the brief space of twelve months? If this be the chief reason—and it may be—what can the Companies accomplish to overcome this lack of persistency in well-doing? What special inducement can be laid before a man when his second premium falls due (or during the first year of his contract) that shall prevent his dropping the policy upon which he has already paid a substantial premium? We all recognize that a successful solution of this problem would do more to aid in upbuilding the Companies than the alleviation or improvement of any other condition. Merely to state the problem indicates the difficulty of solving it, but it would seem that if one-half of the ingenuity and thought that are given to inventing "frills, fads and fancies" were given to this question some solution might be reached which would prove of the utmost benefit to the insured, to the agents and to the companies.

Co-ôperative advertising by the Companies might be of advantage—a higher rate of renewal commission on the second premium might stimulate the Agent to give more attention to its collection—or the second premium might be reduced in amount, the reduction being added to the first premium. Let us hope that some day a new Columbus will sail jubilantly into port with a scheme that is workable.

No business in the world can boast of brighter minds or better trained intellects than those possessed by our Actuaries. Will not some one of the number render his name forever illustrious by devising a remedy for the condition we have mentioned in this article?

J. L. KENWAY.

Mr. E. F. Hebden, general manager Merchants Bank of Canada, is at present on a visit to England. His return to Montreal is expected about end of month.

SENIOR FACTORY MUTUALS.

The following letter of the Factory Insurance Association has been sent out to agents and brokers:

Inasmuch as the loss which the senior factory mutuals have experienced at Salem will in itself cause a very heavy reduction in their dividends for at least a year, we call special attention to the advantage of cancellation of mutual contracts, even though such cancellation be made at short rates.

Such a course is entirely justified for the following reasons:

First—In spite of printed statements to the contrary, the mutual companies are liable to conflagration hazard. This is proven by the Salem fire, and many other cities can be pointed out where the factory mutual companies are carrying heavy liability in conflagration or congested districts.

Second—The high dividend which the mutual companies practically claimed to guarantee, will not be maintained.

Third—The ordinary losses for the year may further reduce the dividends, while another heavy loss, due to failure of private protection or conflagration, might even necessitate an assessment.

A sufficient number of calculations have been made at various mutual rates and with various conservatively estimated dividend returns to satisfy us that if mutual policies which have run, say, six months are cancelled and the business placed with the Factory Insurance Association a saving of about 50 per cent. will be effected. If mutual policies have run less than six months the advantage will be greater, while even though mutual policies have run nine months a large saving would still be made. The cancellation of three-year old mutual contracts will result similarly to the advantage of the assured. We shall be glad to assist you in figuring the saving to be made in any particular case.

The Factory Insurance Association is in a position to offer not only the strongest indemnity at lowest cost positively guarante iedn advance for a term of years, but also to render the highest grade of regular inspection service with the added feature of special supervision by immediately sending a representative when water is shut off or connections broken or repairs are being made. This Salem fire is the best possible illustration of the advantage of stock insurance with its guaranteed flat net rate as compared to the mutual fluctuating cost. This office is ready to give prompt attention to applications for inspection of mutual risks with the idea of suggesting rate at which business will be written.

DIVIDENDS DECLARED.

Montreal Power—Regular quarterly 2½ per cent., payable August 15th, to stock of record July 31st.

Kaministiquia Power—Regular 1½ per cent., payable August 15th.

Brazilian Traction—Regular quarterly 1½ per cent., payable August 20th.

Dominion Bridge—Regular quarterly 2 per cent., payable August 15th to shareholders of record July 31st.

The Bank of England rate was continued yesterday at 3 per cent.