

In regard to "Credits," "Margins," "Loans," in any form, made or purporting to have been made at the time of issuing a policy, or as part of of any premium thereon, but which are in no event to be collectable, or an offset to the policy, the Superintendent cannot see how any value can be attached, and, in the absence of any value, of course cannot credit them as assets. It is to be hoped the time is not far distant when all these complicated features of the business will be abandoned, and cease either to be a subject of controversy among actuaries or agents, or to annoy, mystify or deceive the insuring public, and that life insurance will be purchased for about what it is worth, in cash or its equivalent. In regard to this first danger, first in the order mentioned, and it is feared first also in importance, the Superintendent will only add, that vast as is the field of inquiry, and numerous the difficulties, no reasonable effort shall be wanting on his part to sift the tares from the wheat, and to place the actual condition of the companies before the public. If, upon thorough investigation, the condition of a company is found to be what its statement represents it to be, and it is such as to justify public confidence, there will be no hesitation in giving such company the full benefit of a hearty and emphatic indorsement. It will be the pleasure as it is the duty of the Superintendent, so far as his action may have effect, to encourage and to commend to public favor all honorably conducted, solvent companies.

If prudently and honestly managed, life insurance will prove a most beneficent institution, but if incompetency or dishonesty prevails in the management, certain failure and most deplorable consequences must follow.

Second Danger.

So far as the second danger referred to is concerned, it is a most gratifying fact that, if we may judge of the future by the past, the danger from the diversion or embezzlement of funds is very small. It is not known that any life company has suffered from this cause.

It does not necessarily follow from this, however, that such cases may not occur. Defalcations and embezzlements by bank officers have not been uncommon. The greater part of an assurance company's assets, however, are not likely to be of a character so easily negotiated as those of a bank, and altogether the danger from this source may be considered as comparatively small.

Third Danger.

The third danger is of a far more serious nature. If the basis upon which a company does its business proves unsound, by reason of its having insured lives which will not meet the expectation according to the mortality tables and the company's calculation, the ultimate consequences must be disastrous. This is a danger which it is difficult for the Department to guard against, and which calls for the most serious and careful attention of the officers of the different companies, if not for legislative action. Agents, stimulated by large commissions and strong competition, will undoubtedly often try the experiment of attempting to foist upon companies, risks upon impaired lives. Officers may even sometimes be influenced to a dangerous laxity in this regard. Frauds of this kind might very properly be the subject of an act declaring them misdemeanors, and prescribing a proper penalty. The Superintendent will hereafter address inquiries to the companies, and take such steps as he may deem best calculated to disclose the facts bearing upon this subject.

After a view of all these dangers, the Superintendent believes, nevertheless, that as a class, the life insurance companies doing business in this State are well managed and reliable institutions. He hopes to see some changes in the general system which will produce or tend to insure three grand results, to the accomplishment of which his administration will be mainly directed. These results are—

Simplification, Uniformity, Security.

As already intimated, it is believed to be a fact, now causing quite general complaint, that there are too many complicated schemes or plans of insuring and conducting companies, as well as too many and too elaborate forms of contract or policy. Each new company announces some new feature in its business, which is to inure greatly to the advantage of the insured, and thus, with some seventy different companies, each urging their superiority over all others, he who seeks insurance, if he stops to hear all the arguments, and deliberately determine which is really the best company, is likely to die before he reaches a conclusion. Although it may be said that life insurance in this country is in its infancy, sufficient is certainly known of its great principles to establish beyond much doubt about the actual value of insurance. This done, it is difficult to perceive any excuse for the promulgation of so many theories and schemes, except upon the ground that they are intended to accomplish just what is accomplished, to wit, the entering into contracts by the insured, the true force and effect of which they do not understand. Let the companies adopt a simple and uniform system, and forms of business easily understood, and let their assets be solid, valuable property, and not figures, and life insurance will commend itself to the hundreds of thousands who now stand afar off and look upon our best companies with distrust.

Legislative Interference.

Although corporations are the creatures of the law, and should be placed under proper restrictions, still the superintendent, upon general principles, is not in favor of legislative interference with the mere details of business, either of persons or corporations; and he hopes that the good sense of those having the management of insurance companies will lead to the correction of existing evils, and the production of those results which will fully secure public confidence and obviate special legislation.

From what has already been said, it will no doubt be expected that the superintendent will, as rapidly as practicable, proceed to make

Personal Examinations

of the affairs of companies. This expectation he will endeavor not to disappoint. It is here proper to state, however, that it need not be considered as an imputation upon the standing of any company that is under examination. Very soon after assuming charge of the department, the superintendent deemed it expedient to institute such an examination of one of the oldest and largest of the life companies—the Mutual Life of New York. This company, by its statements, appeared to be possessed of immense assets, and to be in a prosperous and sound condition. Still, not only vague rumors were afloat, but distinct charges were made, imputing mismanagement, and suspicion as to the correctness of its statements, and questioning its actual standing. Although this examination is not concluded at the date of this report, it will be soon after, and its results will be published in an appendix. As other examinations are made, their results will be made public.

The year 1869.

The year ending December 31, 1869, was one of general prosperity and development. Old companies continued to increase their risks and assets, and many new ones have been organized in this State and admitted from other States.

New York State Life Insurance Companies.

The report states that eight new companies have been organized in this State during the calendar year of 1869, and the first three months of 1870, seven of which are located in New York city, the other in Watertown, Jefferson Co.

Life Insurance Companies of other States.

Nine new life insurance companies have been admitted to transact business in this State during

the calendar year of 1869 and the first three months of 1870—Penn. Mutual Life Insurance Co. Philadelphia, Penn.; Anchor Life Insurance Co., Jersey city; Hartford Life and Annuity Co., Hartford, Conn.; Uni. Security Life Insurance Trust Co., Philadelphia, Penn.; Union Central Life Insurance Co., Cincinnati, Ohio; St. Louis Mutual Life Ins. Co. St. Louis, Mo.; International Life and Trust Insurance Co., Jersey City, N. J.; Life Association of America, St. Louis, Mo.; State Mutual Life Assurance Co., Worcester, Mass.

Eighteen companies, all except two of New York city, have their charters on file though the charters of six have lapsed, from the companies not having fulfilled the requirements of the law in paying the necessary deposits into the Insurance department within two years of the filing of their charters.

Registration of Life Policies.

There are six companies transacting a portion of their business on this deposit plan, being an increase of but one, the Government Security Life of New York, since the last insurance report. The following are the names of the companies: North America Life Insurance Company of New York, Atlantic Mutual Life Insurance Company of Albany, Metropolitan Life Insurance Company of New York, Globe Mutual Life of New York, and the Government Security Life Insurance Company of New York, which latter is exclusively a registering company. These companies have deposited the sum of \$1,407,300 upon 9,899 policies insuring \$29,514,411.

The Registry System.

So many inquiries have been, and are constantly being addressed to the Superintendent, in regard to this comparatively recent feature in life insurance, that he desires briefly to call attention to it.

By an act passed in 1867, any company is allowed to make special deposit of securities to any amount, not less at one time than \$25,000 in the Insurance Department, to be held as a reserved fund specially pledged for the security of the holders of the registered policies of such company. The policies thus issued are countersigned at the department, a duplicate of each is kept, and the company is charged with the net present value of each policy issued. No company is allowed to issue policies, the total net present value of which shall exceed the deposit.

The question is often asked, whether the State, in a registered policy becomes absolutely bound for its payment in the event of its becoming a claim against the company?

The State does not assume this responsibility. In the language of the act, there is no obligation assumed "beyond a proper application of the securities so deposited."

It is often asked, if this is so, wherein lies the advantage of the system? They consist in the following assurances:—

1st. That the legal reserve, according to the department computation, is faithfully set aside to meet the company's liabilities.

2nd. That such reserve fund consists of securities of the highest class, and which have passed not only the examination of the officers and counsel of the company, but also the scrutiny of the department.

3rd. The obligation of the State that the deposits shall be faithfully kept and applied.

4th. The impossibility of any loss, or great inconvenience even, from the loss of any policy, a duplicate always being on file in the department, and a copy obtainable on application.

Perfect assurance that a company has securely invested, and in entirely safe keeping, the amount which, by the legal standard, will be sufficient to meet its liabilities, is about the highest security which can reasonably be expected. This assurance would seem to be fairly the result of the registered policy system. It certainly removes all question as to the amount of a company's reserve fund being made up of fictitious items, or