

fixing rates under present conditions. To order a flat reduction of twelve per cent. on mercantile risks, as was done by the Kansas superintendent of insurance, is a rule of thumb (or rule of fist) proceeding that ignores every sound underwriting principle. No wonder that other insurance commissioners are themselves urging that their states, before attempting rate-making, should at least make proper efforts to obtain information regarding fires, building construction, occupancy, storage and exposure, as well as insurance placed and paid. But, at best, political changes among our neighbours are so frequent that it would be scarcely possible, as one prominent underwriter remarked the other day, for a state official during the tenure of his office to equip himself with the expert information or accumulate the statistics which would enable him to intelligently and equitably distribute the insurance tax and make rates which avoided discrimination; nor is it likely that a state official, dependent upon the voters for his official existence, amenable to their influences, would always be able to resist the demands for rate reductions coming from his constituency.

If such experimenting is based on inherent economic heresy—and such seems the case—it cannot permanently abide. As Mr. Frank Lock puts it, "The law of supply and demand will prove the final standard—but that does not alter the fact that much discontent and confusion may be wrought before that fact is fully demonstrated."

By keeping its eyes open, Canada has opportunities galore for learning from others' experiments, what not to do in the way of insurance legislation.

MARINE INSURANCE AND FOREIGN TRADE.

"Effete Spain" is about the last direction in which a new-world business man looks for improved methods of conducting foreign trade. But according to the United States consul at Malaga, exporters there can give valuable pointers to American and Canadian houses with regard to the vexed question of adjusting foreign customers' claims for losses sustained on insured merchandise. In many cases disputes arise through the customers' misunderstanding of the terms of the policy—a large number of foreign merchants considering marine insurance as a warrant against all loss should the shipment insured reach destination in other than a sound condition. Another cause of disagreement is due to the client's ignorance of the proper manner of filing his claim and establishing proof as to the percentage of loss sustained.

As Consul Norton points out, success in export trade largely depends upon methods that make business relations easy and pleasant, on methods that remove all causes for dissatisfaction or complaint, and that eliminate every element of uncertainty from even the ordinary features of everyday trade matters. He instances a firm of European exporters, carrying on a large business throughout South America, which handles the question of marine insurance in a manner that has given most satisfactory results. Shipments are insured, at the customer's option, against maritime risks only, or, including enhanced risks such as breakage and robbery. For a number of years this firm has

inclosed with every commercial invoice mailed to a client a printed circular outlining the forms of policies obtainable, and instructing the customer in the proper manner of protecting shipments and securing proofs of loss when goods arrive in a damaged condition.

ACTUARIES AND INSURANCE LEGISLATION.

The British Life Offices' Association and the Institute of Actuaries have been urging various changes in the Assurance Companies Bill now before the British Parliament. As was the case with the changes recommended by the Canadian Life Officers in the new Dominion Insurance Bill, several of the suggestions of the British actuaries show how essential it is that "expert guidance" be followed in such matters. That this procedure is in the interests of the public itself, is strikingly shown by the circumstance of the British actuaries and managers recommending an amendment which, to quote *The Review of London*, will make clear (as the government bill apparently fails in doing) "that in the event of a company being wound up no sum shall be returned to the shareholders until the policyholders have received all that is due to them."

Some seven other amendments are being introduced by Mr. Stuart Wortley, M.P., based upon the recommendations of the Life Offices' Association and of the Institute of Actuaries. Important among these are two amendments requiring British branches of foreign and colonial life offices to show in their returns to the Board of Trade:

- (1) What assets they have in the United Kingdom specially deposited for British policyholders.
- (2) What is the present value of their liabilities within the country.

There is no intention in these amendments to compel foreign and colonial offices to keep assets in Great Britain sufficient to cover their liabilities—they aim merely at full publicity.

A recently issued memorandum on the Assurance Companies' Bill from the viewpoint of the British life offices, points out that the origin of the proposed legislation is to be traced largely to the desirability of affording additional protection to British policyholders in foreign companies as recommended by the Select Committee appointed by the House of Lords in 1906. The appointment of this committee grew out of the agitation caused by the New York insurance investigation and more particularly perhaps to the failure of a notorious American assessment concern which withdraw from the country leaving its British policyholders practically without remedy. British life assurance companies object to the Bill as introduced:—(1) Because it does not effectually carry out the first object of its promoters, viz.:—"To place foreign foreign companies which do business in the country in the same position as the British companies with which they compete." (2) Because it confers little more than an illusory protection upon policyholders in foreign companies. (3) Because the bill does not apply the principle of "publicity" to the transactions of foreign companies in the United Kingdom as distinguished from their transactions generally. It fails to ensure, in the case of a fore-