

compelling American companies to make French investments, etc. In Germany a new law was adopted a year ago directed against our companies, and although we have complied with it we find the department strongly against us in its enforcement. Italy and Russia have acted in the same way, and Austria is beginning to discuss laws against us that would be very onerous. Mexico has just passed a law that drove us all out, except one company. The only reason urged for these measures is the effect abroad of the McKinley law, and I have no doubt we shall soon be driven out of most foreign countries. The business abroad is profitable, and we find foreigners more persistent insurers than Americans are. We have notified our manager in Spain that we will withdraw from that country if the new laws are not changed. James W. Alexander, Vice-President of the Equitable Life Assurance Society, said: "We, too, have the question of leaving Spain under advisement, and in Germany we have been put to great annoyance. The Russian Government has also shown a willingness to limit the scope of our affairs in a remarkable way, but we hope to effect a favorable settlement there. While not exclusively the cause of our troubles, the McKinley law undoubtedly has been very potent as an influence against us. Our advocates are constantly met with this argument on the part of foreign governments: 'You have legislated for your own selfish interests, regardless of ours. We now propose to do the same.'"

E. B. Harper, President of the Mutual Reserve Fund Association said: "The laws which have been enacted and are proposed in several foreign countries adverse to American life insurance companies, are in my opinion attributable to the McKinley law. They have been adopted as retaliation measures."

Richard A. McCurdy, of the Mutual Life Insurance Company, was disposed to believe that unjustly restrictive laws would be removed, but admitted that his company was driven out of Spain, where it had but recently begun, by new onerous laws.

One cannot have his cake and eat it. No more can the United States or any nation be exclusively protectionist and not expect other nations to follow the example of exclusiveness in turn. The three acts herein referred to are built on the extreme protection plan, and each seems to be a blunder in its own specialty. It is matter for regret, that, owing to the operations of a narrow law of one idea, the life insurance companies should find it necessary in their own protection, to leave the countries named, in which they have been doing much to benefit themselves and the people as well.

Law makers should seek clearer light and take more extended views than they have done in these instances.

COMPENSATION OF FIRE INSURANCE AGENTS.

We are glad to state that President Moore of the Continental Insurance Company substantially advocates the doctrine of THE BUDGET on the compensation of fire insurance agents,—the profit-sharing plan. Here is what Mr. Moore, in a letter to the *Spectator*, has said:—

"I have read with interest your able article on the subject of compensation of agents, and suggest the following propositions on the various methods of compensating fire insurance agents:—

"The business of fire insurance is transacted by agents in the various cities and towns of the country, remote from the principal, and depends for its profit on careful inspection, supervision and good judgment. It goes without argument that those on whose inspection, supervision and judgment the profit depends should be paid, in part at least, according to quality as shown by results, and not according to quantity. The agent is human, and therefore governed by self-interest. What the principal or company seeks is both quantity and quality. If it does not pay for both it will not get both."

"Salary.—If it pays a salary which amounts to more than an agent would make on commission, it will pay more than it can

afford. If the salary amounts to less than the agent would make on commission, he will be discontented with the salary, and the company will have to raise it. Therefore, nothing will be gained in expense by salary payment. Unless all companies represented by the agent pay salary, those who pay commission will get the larger part of the business. A certain income will make him indifferent as to the quantity and results, and, working out of sight, the tendency with agents who are not conscientious (and there would be a certain number in every hundred), would be to pocket the salary without making an effort."

"Flat Commission.—If the company pays a straight or flat commission on quantity, it will get quantity without quality."

"Graded Commission.—A 'graded' commission of different percentages for different classes of risks is not correct, because profit does not lie in classes, but in good individual risks at adequate rates. If a bad dwelling is as unprofitable as a bad planing mill, and if a good planing mill, at a proper rate and line for its class, is as profitable as a good dwelling, then a graded commission which pays for classes will not secure profit and is a fallacy."

"Profit Sharing Commission.—These propositions demonstrate the importance of a mixed flat and profit-sharing commission: part of it based upon the quantity, so that the agent's income will go up or down according as he works; part of it on quality, so that the agent's income will go up or down according as he works intelligently and carefully. I will not make any attempt to support these propositions by elaborate argument, for they seem to me axiomatic and so able to stand alone."

President Moore is a practical fire underwriter of long standing, of very great experience, and acknowledged ability. It therefore goes without saying that we are glad to have him on our side in this matter of compensation of the agents. The doctrine is entirely sound or President Moore would not be its advocate and defender.

ADEQUATE RATES WOULD DO IT.

The accounts of the fire business of the year 1892 in Germany present very unfavorable results as far as heard from. The balance sheets of nearly all of the companies showing heavily upon the debit side. So also with the Hungarian Lloyd; it shows a debit balance of 250,000 florins; its shares of 100,000 florins are now quoted at 35 per cent. only.—*The Insurance Age*.

We note a heavy falling off in the quotations of the French fire insurance companies' stocks, in consequence of reduced dividends attending the business of 1892. The *Generale*, fire, the 1,000 franc shares of which have heretofore sold at 34,000 francs each, and seldom to be had at that figure, at last quotation, were difficult of sale at 32,000. The company was compelled to use 200,000 francs of its reserves to maintain its dividend at 1,300 francs. Nearly all of the French offices present about the same results. *La Generale*, life, 1,000 franc shares, are quoted at 73,000 francs, and firm at that.—*The Insurance Age*.

With such results as the above extracts disclose, what becomes of the arguments in favor of the slow-burning, fire preventing construction of buildings such as the European, especially the French, buildings are said to be, with their stone stair-cases, stone, brick, or concrete floors, solid walls, solid brick partitions, slate, tile, or metal roofs, to favor insurance. And then those French laws too, which saddle the occupants with the losses to the relief of the insurance companies interested. The sighing and crying, "Oh, if we had such fire-preventing, insurance-favoring structures and laws in North America, the wholesale destruction of property by fire would