

GUARDIAN AND LEGAL AND GENERAL JOIN FORCES

Referring to the fusion of the Guardian Insurance Company and the Legal and General Assurance Society of London, England. The Policyholder says: The first definite announcement is that an agreement has been made between the directors of the Guardian and the Legal and General under which there shall be an exchange of shares and a combination of the two interests. The Legal and General quite recently secured powers to write fire and accident in addition to life business to which class it has hitherto confined itself, and this Company took the novel step of ceasing to write with-profit business and of confining its energies to non-profit business. These developments certainly gave the impression that no thought of a fusion was entertained by the management, but the unexpected is the order of the day in these exceptional times. On the other hand, the Guardian has shown great activity in recent years. No so long ago it obtained control of the Reliance Marine Insurance Company, and in July it floated the Guardian Eastern as a subsidiary. The capital of the Legal and General is £1,000,000 with £160,000 paid up, the shares being £50 each on which £8 has been called. On the other hand, the Guardian paid-up capital, apart from the preference shares, is £200,000, being 10s. per share in respect of 400,000 shares of £3 each. Guardian shares are steady at £10 each, and Legal and General shares at £43. There is no doubt that the Legal and General has wonderful connections, and the impression was that it would be very successful as a composite office after such a long career of wonderful success as a purely life office. That it should surrender its independence is a surprise to the insurance world. One thing is fairly evident, the fusion of so many tariff offices will play into the hands of the numerous non-tariff companies which have been formed during the past few years. As yet, nothing has been announced beyond the formal statement that the Legal and General and Guardian are joining forces. When the terms are given we shall refer to the matter again.

"The Guardian of recent years has been noted for its progressive policy in Canada, and the commanding position it has assumed in fire insurance, while the Legal and General occupies a position in the front rank among life companies in Great Britain. The combined funds of both companies exceed \$100,000,000."—Editor.

PERSONALS

Mr. G. E. Moberly, manager for Canada of the Northern Assurance Company, who, with Mr. Alex. Hurry, manager of the Casualty Depart-

ment, has been making an extended tour of the West, has returned to Montreal. Many important centres in the Prairie Provinces were visited with the object of laying plans for organizing the Casualty Department. Besides visiting the field in the interests of the Northern, Mr. Moberly was also giving some consideration to a subsidiary fire company, which the Northern expects to operate in Canada very shortly. Mr. Moberly states that there is a spirit of optimism prevailing generally throughout the West, which is bound to develop very materially in the near future.

Mr. E. Roger Owen, General Manager, Commercial Union, who has been on this side for some time, will sail for home from New York tomorrow per S.S. *Mauretania*.

Mr. R. Hill Stewart, General Manager of the Caledonian, is sailing for home by the same boat.

MORAL HAZARD GIVES CONCERN

Fire insurance companies are watching the efforts of the Government to reduce the high cost of living with more than ordinary concern, is the conclusion of the "Insurance Post." They are as much interested as any others in having the high costs reduced, but they fear an increase in the moral hazard if prices take a materially downward trend. The underwriters believe that with rising prices much of the moral hazard was eliminated, as owners of property realized that their goods might be worth more than the money, especially in view of the steady reduction of the purchasing power of the dollar. If prices begin to come down people who have stocked up at high figures and see loss ahead of them may be more disposed to "sell out to the insurance companies" by having a convenient fire. These factors require careful and farseeing underwriting and loyal co-operation on the part of the local agents.—Underwriter Report.

Recent dust explosions have resulted in large loss of life and property. The explosions in the Douglas Starch Works, Cedar Rapids, Iowa; of the Government elevator, Port Colborne, Ontario; the Murray elevator at Kansas City, and that of the Curtis Company, Buffalo, were conspicuous examples. This hazard is inherent in grain storage, flouring mills, starch mills, confectionery manufacturing, certain kinds of wood-workers and other sorts where fine dust is a feature.

Cleanliness is the best prevention and explosion insurance the best protection, if the property is kept clean enough to deserve this indemnity.