

### THE GROWTH OF LIFE COMPANIES.

The reported agitation in the United States for a law to prohibit any life company from carrying more than one billion and a half of dollars, is not new. Some years ago, at a convention of insurance superintendents, it was suggested that a limit be placed, by statute provision, upon the size of life insurance companies. There would seem to be a very general if not universal belief on the part of our American neighbours that legislation, like certain patent medicine nostrums, is an unfailing remedy for all the ills that flesh is heir to. The proposed legislation was, then as now, aimed at the three big New York companies, which have made and are making such rapid strides toward overshadowing greatness. The argument of the friends of limitation is substantially, that the possession of such an amount of assets as are held by the Mutual, New York, and Equitable companies (about eight hundred and twenty millions of dollars) confers a dangerous power, liable to be used for corrupt purposes or exercised disastrously by incompetent management. The methods proposed for the limitation of the size of these corporations, whether to prohibit the solicitation of new business or to limit the amount of assets to be held, are not material to the real merits of the question. After giving much thought to the matter in question, we confess to some surprise that anyone should be found to seriously advocate this compulsory limitation scheme. In this country and in Great Britain, we believe that such an arbitrary proposition would meet with discouraging disfavor at once, and it is more than likely that public opinion in the United States will upon mature consideration decline to endorse any application for such legislation as that proposed, and for excellent reasons.

In the first place, the dangers of bigness are mostly imaginary. It is not true, as sometimes asserted, that either of the three great companies referred to is controlled by any one man or any three men, in the sense that the vast assets can be wielded for corrupt purposes. As to ability, the management is quite in keeping with the companies. What reasons can be urged to support the somewhat lame supposition that the principal offices of these great corporations, when vacated by the present excellent incumbents, cannot be equally well filled. If it be conceded that the present management is both capable and honest, who or what is in danger from their capable and honest administration? But what, it may be asked, if bad or incapable men should succeed to the control of hundreds of millions of dollars? Why, then, in that case, they would be turned out by existing authority, just as bad or incapable men have been turned out of office before. There is no one man power in a great life insurance company; when the great body of policyholders decree a change. Moreover, it ought to be tolerably plain that the very size of these Titanic corporations is, in a great measure, a protection to those interested therein. They are too big for any one man

to run away with. There are many men, besides the president, who daily examine into the affairs of each of the three gigantic companies referred to. These men control distinct departments, and are men of distinguished ability in the profession. If some of them, highest in control, had the disposition, they would still lack the opportunity to engage in corrupt practices on any great scale, and would be checkmated early in the game by others. For these and other reasons we hold that the danger, to guard against which legislation is invoked, or periodically suggested, is largely imaginary.

There is, moreover, a grave question behind all this talk of limiting the growth of life companies which it is important to consider, namely, the right of the State to interfere with a corporation operating strictly in accordance with the intent of its charter and without violation of the rights of others. Just so long as a life insurance company, a bank, or an industrial concern, continues to do only the legitimate business which it was organized and empowered by the State to do, in conformity with the spirit and letter of the authority conferred, the government cannot, without usurpation, interfere. The right of these great life companies to hold their ever-increasing millions of assets, and to issue millions of new business annually is indisputable. Suppose somebody should propose a law limiting the number of passengers to be carried annually by a railway company, or the number and amount of deposits to be received by a chartered bank. And yet, absurd as such a proposition would be, it is a shade less absurd than the proposition to limit by statute the growth of a life insurance company, and to say that it must cease doing just what it was organized for, because it has been unusually successful in the doing of it. There can be no monopoly in life insurance, as there are and will be plenty of good companies to choose from. The size of a life company is not a State question, but one which, we venture to think, it will be quite safe to leave, as heretofore, to be regulated only by the unwritten but potent laws inherent in society. As we have already remarked when touching upon this agitation, in a recent number of *THE CHRONICLE*, to limit the growth of a life company, so long as its reserves are satisfactory to the supervisor of insurance, would seem to be a somewhat arbitrary proceeding, and when one reflects upon the able and honest management of the great corporations likely soon to be affected by any such legislation as that for which support is now being sought, the measure looks like one for applying brakes to the wheels of progress.

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### BANK OF NOVA SCOTIA.

The office of Mr. H. C. McLeod, general manager of this bank, who has recently returned from a brief visit to Europe, is now established in Toronto.