STATE INSURANCE.

By Arthur E. Childs.

The world of finance has two great divisions, banking and insurance. Each has its several functions to perform and both are essential to the prosperity of a nation and its citizens.

Insurance, however, bids fair to outrank banking in invested assets and as a guarantor of obligations, if, like banking, insurance can be left in the hands of private initiative, and not become a part of the business of our Federal or State Governments.

If we have one duty to perform greater than another, it is to turn the tide of public opinion against all kinds of Federal and State insurance schemes.

It seems to me that the present time is the most opportune to strike the death blow. The public mind is more receptive toward insurance. The Government's recognition of insurance as the best means of protection against the pecuniary loss following death and disability, and the payment of millions of dollars to the beneficiaries of the thousands of people who died during the influenza pandemic, has cleared the atmosphere of much of the old time prejudice in the minds of many toward insurance. The one proof of this is seen in the tremendous increase in the volume of Life Insurance written by all companies this year.

These two factors have kindled a more kindly feeling toward insurance, and if we are to take advantage of the present opportunity to further foster the growth of a favorable public opinion toward the insurance business as conducted by the Insurance Companies—and it is only by this means, in my opinion, that we can keep the Government Insurance spectre buried—it behooves the insurance fraternity as a whole to labor diligently through the International Association of Casualty and Surety Underwriters, the National Association of Casualty and Surety Agents, the Insurance Federations and kindred associations. The insurance companies should be most mindful of passing events and move more rapidly to adopt needed reforms.

Any insurance company falls short of its mission when it fails to give its policyholder the kind of protection the average policyholder has a right to believe he is securing when he takes out the insurance.

It is the duty of the insurance company to see to it that its policies give complete coverage, that the benefits are expressed clearly in contracts free from unnecessary conditions and restrictions. While this applies particularly to accident and disability policies, it is equally applicable to automobile and other forms of liability and burglary policies; surety and fidelity bonds, and many other kinds.

It is a great mistake for any insurance company to issue limited forms of policies easily capable of misinterpretation and misunderstandings on the part of the policyholder. The public wants complete protection and prefers to pay a fair price to get it. When it comes to a limited policy it is classed as a poor article dear at any price, and if the public understood the limitations very little such insurance could be sold.

The reason why life insurance stands to-day on its present high plane is that the life insurance policy for years has been what might properly be considered as an unconditional contract to pay a certain sum of money on the death of the insured. When the insured dies the beneficiary receives the proceeds of the policy. It is only the very exceptional case where fraud necessitates denial of liaibility and litigation. You can readily picture how very different life insurance would be regarded if the policy only covered deaths resulting from certain causes or occuring under varying conditions. What is true in this respect of life insurance is true, without exception, of all kinds of insurance.

Next in importance to the issuance of a broad coverage unlimited policy is the question of how and when the Company does its underwriting. The acceptance of the risk cannot be dissociated with the payment of the claim. Unless the insurance company shapes its entire business policy so it can promptly pay its claims to the satisfaction of the policyholders, it is breeding prejudice against the whole insurance structure.

No company can do this unless it is careful in the selection of its agents, and its risks, and also makes it an infallible rule to do its entire underwriting at the time the application is received, and not when the claim is presented. If we expect to be successful in heading off State insurance, it seems to me, the insurance companies must be more careful in their underwriting.

The cost of insurance is secondary to the protection granted. There is no such thing as a bargain in insurance. The policyholder gets only what he pays for, and the point I wish to drive home is, that it is essential that each should do his part voluntarily in this direction before legislation requires it.

It behooves insurance company officials to feel more frequently the public pulse and to shape their general policy so that we may merit the confidence and good will of the public at large because of good service rendered.

Mr. W. S. Jopling, manager for Canada of the Commercial Union, has returned from a trip to St. John, where he visited the important agency of the Palatine Insurance Company, of which he is also manager.