

HOW CANADIAN LIFE COMPANIES INVEST THEIR FUNDS.

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doubt, these loans have been used to finance merely speculative purchases of real estate or securities, and that by both large and comparatively small policyholders. But one contributory reason for these loans—a perfectly legitimate one so far as it goes—appears to have been overlooked hitherto. Not all the purchases of sub-divided lots made in recent years have been for purposes of speculation—if they had been the boom would have burst with a bang long ago, instead of gently subsiding. Many of them, especially in the vicinity of great towns have been thoroughly *bona fide* purchases for use and occupation. Those whose income has been small have found themselves unable to continue paying the extraordinary and rapidly rising rentals demanded in the cities and have accordingly purchased a lot and built their own home in the suburbs. This capital expenditure—modest as it is—has required to be financed and the loan value of life insurance policies has been utilised for the purpose. Insurance-wise, the practice is of course deplorable. But it suggests that some at least of the borrowing upon life policies has a case for the defence, and is not merely for the purposes of squandering upon automobiles or use in illegitimate and undesirable purposes of speculation. Probably the rise in the loans upon collateral is a result of "tight money."

THE METROPOLITAN'S WAY.

A requirement of the Metropolitan that admits of no exception, is that every man in its service shall realize that the Company's most solemn duty is to its policyholders—that policyholders shall always be treated fairly, courteously and with the most patient consideration. Harshness toward them will under no circumstances be tolerated, much less deceit or misrepresentation in dealing with them. We demand that every application written shall be with full knowledge on the part of the applicant of the provisions of the contract to which he is invited to become a party; that the proposed insured shall undergo an actual physical examination or inspection as may be required; that when the policy is issued its owner's rights shall be respected; that while advance payments are to be commended, they are not to be had by threatening a lapse, or by compelling the policyholder to call at the Metropolitan office to pay his premiums, because, perchance, he avails himself of the right accorded him to keep his payments two or three weeks in arrears; that he is not to be persuaded to carry more insurance than he can readily pay for, thereby imperilling not only the additional insurance, but the original insurance as well. We demand, in the language of our "Watchword," which appears at the head of this publication, "A Business First, Last and All the Time in Every Respect Beyond Reproach," and we recognize that the way to get and maintain it is to win, and cultivate, the respect and goodwill of the Company's present and future clients.

—Second Vice-President Geo. H. Gaston.

CONDITIONS IN THE LIABILITY BUSINESS.

(Vice-President J. Scofield Rotze, before Liability Section at Quebec Convention of International Association of Casualty and Surety Underwriters.)

Because of the fact that the casualty insurance companies have found it necessary to establish organizations such as this association, and also to establish bureaus for the purpose of compiling dependable experience data as a guide to the safe and economic conduct of their business, they have not infrequently been accused by the so-called political reformers of seeking to maintain an insurance combination or monopoly; and while we are thus maligned for daring to indulge only in such a degree of friendly co-operation as is absolutely essential to the solvency of our companies and the protection of the insuring public, we are at the same moment being warned by the more experienced and conservative State Insurance Departments that further demoralizing and rate cutting practices must cease and that the competition between companies for the patronage of insurance agents and brokers by the payment of high commissions must in future be restricted and regulated in order to better guarantee the ultimate protection of the policyholder.

EXPENSES MUST BE REDUCED

It would seem, therefore, that we are almost between the proverbial 'devil and the deep sea.' If we attempt to co-operate among ourselves in the maintenance of adequate rates we are accused of establishing a trust or monopoly, and if we compete too actively and vigorously in open competition we are in danger of such demoralization as may result in the insolvency of some companies and a heavy ultimate loss to the insuring public.

While it is generally conceded that the cost of procuring business should and must be further reduced—and this has been accomplished in States having Accident Compensation laws—there seems to have been a wide difference of opinion as to whether the end sought could possibly justify such radical means as the limiting by law of the amount of its own money which a private corporation may expend.

Reasonable regulative legislation should be encouraged and directed along proper lines, but any legislation designed to restrict development and competition—to prevent any private corporation, whether engaged in the insurance business or something else, from expending any of its own funds in its own way so long as its financial obligations are fully protected, should be vigorously opposed.

MORE FALSEHOODS NAILED.

Now one of the reasons given by many of those who, for reasons best known to themselves, would like to put all the private insurance companies out of business in order to give the State machines a free monopoly of the field, is that the companies have appropriated to their own use from 70 to 75 per cent. of the premiums received, while paying out only 25 or 30 per cent. for the adjustment of losses. That these statements are deliberate falsehoods may be easily proven upon inquiry as to the facts from any one of the Insurance Departments with which full and detailed reports of our business are filed; and while our experience on employers' liability as distinguished from other liability lines has not been filed