

admitted that serious evils had crept into the insurance business and assured the committee of his being in accord with its general purpose. He endorsed the recommendations respecting political contributions, lobbying, publicity, State supervision, prohibiting rebating and personal profit by officers.

But, Mr. Morton contended that the insurance interests would be seriously injured were the proposed Bills enacted. Indeed, the result of this legislation would be the reverse of the result intended.

He submitted schedules showing the present investments of life companies that would be prohibited, classified as, collateral trust bonds, railroad stocks, stocks in banks and in trust companies.

Securities of this character to extent of \$200,285,447 were held by insurance companies in New York State which, in his judgment, were sound and safe.

The compulsory marketing of collateral trust bonds held by the Equitable would involve serious losses, throwing them on the market would depress the price.

President Morton agreed that insurance companies should not be allowed to control or dominate banks or trust companies, though investments in them be regarded as sound and profitable.

He suggested that in no case shall an insurance company hold over 20 per cent. of the stock of a bank or trust company.

As to collateral trust bonds issued by railway companies he recommended that the stipulation that the railway should not have defaulted in interest payments for 10 years, and investment in railroad stocks be permitted if dividends averaging not less than 4 per cent. have been paid for 5 years, and the investment be limited to 5 per cent. of the issue.

In regard to

PRESCRIBING FORMS OF POLICIES

Mr. Morton urged postponement of any action until next Session to afford time for study and deliberation, or, that the State Superintendent be authorized to approve standard forms after a certain date, to give companies a chance to meet changing conditions.

LIMITATION OF NEW BUSINESS.

In regard to new business Mr. Morton favoured the companies being allowed to make good the reduction in previous year, in a word, that the three life insurance companies, the Equitable, Mutual of New York, and New York Life be free to maintain the present aggregate of life insurance outstanding.

CONTINGENCY RESERVE.

To any maximum for contingency reserve he was opposed, as competition will regulate it safely.

The prohibition of non-participating policies by large mutual companies was condemned as this would force those desiring them to go to weaker companies.

Mr. Morton approved of

LIMITING EXPENSES

to the total loadings on premiums, but strongly condemned the failure to do so being treated as a misdemeanour. He favoured prescribing the maximum percentage of premium to be paid to agents by way of commission, salary or other compensation for securing new business.

In concluding his carefully and very thoughtfully prepared statement Mr. Morton defended deferred dividend policies, participation in such syndicate securities as may be authorized, as carrying the advantage of lowest prices, and syndicate participation by directors who are not officers, or members of financial committees.

THE PRESIDENT OF THE NEW YORK LIFE who followed Mr. Morton frankly avowed that he lacked experience, but testified that many of the Bills before the Assembly at Albany were heartily approved by the officers and trustees of the New York Life, but others "were not as good as they should be." He declared that if the Bills as they stood were passed it would result in the business of the New York Life being cut in half. Last year the company wrote \$300,000,000 insurance and such a cut would be disastrous. The great agency force would be in danger of being demoralized. He spoke of the very grave responsibility resting upon the committee, the weal or woe of business in the United States being involved.

President Peabody, of the Mutual Life of New York simply endorsed what had already been said.

THE PRESIDENT OF THE HOME LIFE said, the intent of the Bill relating to contingency reserve was plain, it was to distribute the surpluses of the companies among the policy-holders.

This intent, said Mr. Ide, is magnificent, but the way selected to carry it is wrong.

In times of panic a contingency reserve is absolutely necessary and a great safeguard not to insurance only, but to the country at large. In 1903, as a result of the panic in New York, the New York Life Insurance Company would have been temporarily insolvent had it not been for its contingency reserve. These reserves are carefully calculated with a primary view to safety for the company, therefore, for the policy-holder. Mr. Ide thought it would be extremely dangerous to compel companies to distribute a large proportion of their contingency reserve and to limit the amount that could be held for support in time of panic.

A CONTEST OVER DEFERRED DIVIDENDS.

Mr. Vance, actuary of the Equitable, made a strong plea in favour of freedom of contract for and with policy-holders. He said:

"Despotic Russia has passed a law to abolish deferred dividends. Are you going to pattern your actions on those of a despotism? I would be re-