

a limited co-insurance on customers who have inferior ratings.

The adjustment of the insurance to the needs of each applicant is the fixing of rates and limits according to the line of trade, size of accounts to be covered, the moral hazard and other necessity underwriting factors.

Lines of trade are classified into groups according to hazard. By this plan the initial loss (the uninsurable part) is a stated percentage on the annual sales. The excess over the initial loss is the insurable portion and is the amount to be paid to the policyholder.

Then there is what is termed the Average Policy—a very liberal plan for the practicable automatic adjustment of the initial loss (the uninsurable part) to a limited and reasonable percentage on the annual sales, according to the amount of excessive losses filed under the policy under which the losses occur. This appeals to merchants who very wisely desire a guarantee that their losses will be kept within a certain average, the excess being paid by the credit insurance company.

BUSINESS BAROMETER FURNISHED POLICYHOLDERS.

In furtherance of the mutual interest of policyholders and company, the policyholders are furnished monthly a business barometer, a service to keep policyholders informed as to the fundamental conditions over which the man in any particular business has no control, but to the trend of which any business can be adjusted in an effort to avoid, as far as possible, loss during business reactions and increase profits during prosperity.

DRAFT SYSTEM FURNISHED FOR COLLECTIONS.

An additional service, to policyholders only, affording attention to over-due but live accounts—a preventive measure—is likewise now in force. The credit insurance company, being on the bond of the debtor and responsible to the creditor, has a great influence in assisting in the collection of delinquent accounts. Thus under a new development of credit insurance both preventive and protective measures are supplied.

Additional to capital and surplus and other resources, the credit insurance company carries very large reserves, or what might be termed a sinking fund, to make absolutely sure the payment of losses. Seventy-five per cent. of every premium received by the company is set aside as a reserve for contingent losses. These contingent reserves are more than ample and are approved by the insurance departments of the states. When a credit insurance policyholder suffers excessive loss he can count with absolute certainty upon the prompt payment of any liability under the policy.

ADJUSTMENTS.

The spirit governing credit insurance underwriting is the issuance of a broad, liberal policy fully protecting, under its conditions, the insured against accidental losses through unexpected failures of customers, and in paying promptly, without quibble, any liability that ensues.

BENEFITS.

Credit insurance offers to the insured the following benefits:

It adds to a merchant's capital, at small cost, a

special reserve equal to the face of the bond, to meet unexpected losses in business.

It offers collateral security against the calamities which come upon preferred customers, and co-insures on customers with inferior ratings.

It affords a guarantee that losses on merchandise sold during the year covered shall not exceed a normal, stated percentage of the gross sales.

It protects profits against impairment through unexpected and unavoidable losses.

It protects against a risk which every merchant must otherwise take.

It helps in preventing losses, and assists in collecting over-due live accounts.

To carry credit insurance is to complete a chain of protection in business. All work is to the end that goods may be sold. Every part of a business relies on the profits from the sales of the product. Credit insurance protects against excessive losses on the output of the business which ultimately passes, with profits added, into the shape of accounts; that part which represents the finality of the combined efforts of the entire organization. It supplies certainty for hope and uncertainty.

True economy justifies and requires the carrying of credit insurance. It is a most judicious use of money, the right kind of economy, to pay the premium to conserve profits, to be protected against excessive losses on total annual sales. To surrender protection on accounts that mount up in the aggregate to a large sum, simply to apparently save a little money in a premium, a mere pittance in the percentage of the sales, is not economy; it is indeed opposed to economy; it is worse—it is neglecting to provide against waste; it is an unjust assumption of responsibility without agreement of reparation in case excessive losses occur. It is an ethical as well as business duty to carry credit insurance. It is true economy.

No merchant in justice to himself, his house and his associates, should refuse to safeguard his interests, control his losses, prevent impairment of his profits, or decline to secure the best and only obtainable collateral on his merchandise accounts—Credit insurance, under which, even though he never sustains a loss, he receives immense benefits by reason of its helpful influence on credits and collections, and being able to conduct business with that serenity of mind which always springs from a sense of security.

Warning is given at Ottawa against a stock selling campaign, especially at Calgary, Alta., based largely on a proposed power development project on the Bow River within the city precincts or a very short distance from Calgary. No authority has been given or is likely to be given for power development within the district in question.

* * *

Canada withdrew £200,000 gold in London yesterday—an unusual occurrence. The London *Daily Mail*, referring to the subject remarks:—"The state of exchange has often been such as to render such an operation profitable, but for various reasons. Canadian banks have preferred to seek their gold in New York rather than in London. Perhaps the new Canadian Bank Act has afforded special inducement for the shipment of gold, or it may mean that one of the banks has taken advantage of the opportunity of low exchange to obtain the means of increasing its note issue."