

A CONTRAST.

Recently the Adams Express Company (which for some years past has declared an annual dividend of 10 per cent.) announced that it would distribute among its stockholders additional profits by way of a bonus amounting to \$24,000,000 cash. And at the same time it declared a stock dividend of 200 per cent, thus tripling its capital of \$8,000,000—with the generally supposed reason of better concealing its future profits from public attention. In striking contrast with such tremendous profits, says *The Standard*, of Boston, is the modest underwriting profit of less than 4 per cent. made by fire insurance companies in the United States during 1908, and their underwriting loss for the period, 1897-1908 inclusive. The contrast becomes more striking still when it is considered that while, since 1896, the express company has been prohibited by law from charging more than "just and reasonable rates," fire insurance companies have been absolutely free to charge such rates as they thought fit. "Yet with a free hand in this respect they have made no underwriting profit but have sustained an underwriting loss on the business of the past decade. The fact, which is susceptible of proof by the statistics of the insurance departments, is worthy of consideration on the part of those who are in favour of state control of fire insurance rates. Clearly, such rates in the past have not been extortionate. On the contrary, they have been inadequate to yield such a profit as would be considered reasonable in any other line of business."

As recently shown in these columns, fire insurance in Canada over a period of forty years has shown underwriting profits of only about one-fifth of one per cent. of premiums received.

DOMINION OR PROVINCIAL JURISDICTION.

Apropos of the contention that insurance is a matter for provincial rather than Dominion jurisdiction, certain recent remarks of the President of the New York Life Insurance Company are very much to the point. Speaking before a gathering of the National Civic Fraternities in advocacy of federal supervision of insurance, Mr. Darwin P. Kingsley gave as his opinion that when the U. S. Supreme Court declared that insurance was not even an instrumentality of commerce, that distinguished and honoured body must surely have lacked information as to the part which fire insurance and life insurance play in the commerce of the country. In a decision made a generation later the Court, on a question which involved the same principle and brought insurance in indirectly, apparently overruled its earlier decree. But thus far that has brought no relief.

"Let me illustrate the absurdity of the present condition," said Mr. Kingsley. "An applicant for life insurance lives in New Jersey and I have a policy on his life ready for delivery on my desk. If I telegraph him about the policy the message is interstate commerce. If I telephone him about the policy, that is interstate commerce. But if I send the policy itself to him by hand or through the mails or by express, that is not interstate commerce."

"Of course, such doctrine has encouraged radical action by the various states of the Union. And the business is now harassed by regulations and restrictions and limitations which destroy efficiency and involve heavy expense."

In Canada, of course, the constitutional case for federal legislation and supervision is much stronger than in the United States, since a basic principal of Canadian confederation was that the Dominion gave the provinces their specific powers, while in the American union the sovereign states set sharp limits to the federal authority.

That Dominion authority in the matter has had practical recognition for over forty years, scarcely points to any likelihood of reversal now on fine-spun readings of an ambiguous clause in the British North America Act.

**ABUSES IN STATE INSPECTION OF INSURANCE.**

There is not always safety in numbers. Supposedly under supervision of a score or more of state insurance departments, the late management of the Phenix of Brooklyn was able for years to misuse company funds. As a matter of fact, the system of state supervision obtaining over the border has in the past amounted pretty often to this: that whatever real examination there might be was made by some one state; the other departments took their cue therefrom—not neglecting however to make independent levies upon the companies. New York companies still tell with a rueful chuckle of the "visitation of the many devils" some years ago—when a combined junketing party of western and southwestern state officials 'held up' the head offices in the Metropolis and "done them good," without much more real inspection than the man in the moon gave in the same interval.

The New York Department as at present manned suffers no disgrace from the Phenix trouble—but former officials are unpleasantly implicated to the extent of having been heavy borrowers from the late head of the company. The loans seem subsequently to have been repaid; and the company despite all its losses still affords ample protection to its policyholders—for this, however, the New York Insurance Department as formerly manned is not deserving of much thanks.

If insurance interests in the United States are to continue to be supervised by over forty-five