their beneficiaries some $387,333,000 and added to the assets $229,675,000, a total of $617,008,000 in benefits. This indicates that the companies paid all expenses out of income other than premiums and saved some twenty-four million dollars in addition.

"The life insurance interests of this country," observes the Spectator in closing, "are tremendous in their influence on its welfare. Each year they collect and distribute vast sums, which serve to protect millions of homes, care for innumerable widows and orphans, and provide comfort in old age. The fact evidenced by the growth set forth in the table is a matter for congratulation, and proves conclusively that the system is inherently strong and calculated to endure so long as human necessities require it."

WHAT CONSTITUTES A GOOD RISK.

The subject of what constitutes a good risk from the standpoint of an insurance company was recently discussed by Mr. Frank E. Law, vice-president of the Fidelity and Casualty Company of New York. Mr. Law observed:—

Two of the basal principles of insurance are: First, that the contingency insured against must be in the nature of a catastrophe, and, second, that the interests of the insurer and the insured must be identical. The first principle asserts that insurance can only be properly applied to incalculable and unforeseen contingencies, those occurring at irregular and unpredictable intervals and causing heavy losses—losses that may run into thousands of dollars. If a man can foresee his losses and forecast the times of their occurrence and their amount accurately, if the losses in the nature of things must fall on all men equally, he can provide for them better by himself as an individual than he can by insurance. Predictable losses coming at regular intervals—such as the recurrence of attacks of rheumatism due to a rheumatic diathesis, the wear and tear of machinery, the ordinary expenses of replacement and renewal of worn parts—these are in the nature of a running expense and are not subject to the application of the principle of insurance.

The second principle asserts that it must be as much to the interest of the insured not to have a loss occur as it is to the insurer. Such is not the case when the insured effects insurance knowing that a loss is likely to occur, when a valued policy in excess of the amount at risk is held, or when predictable losses coming at regular intervals, that is, running expenses, are insured. The undesirability of risks falling in the first two catalogues is obvious; it may not be so clear as respects the insurance of running expenses. A man having insurance against running expenses, knowing that he will be indemnified against any loss of whatever character, will become lax in his management, will employ unintelligent and unskilled men to care for his machinery, and will scant in every possible way. Some men will be more careful than others, but the losses will become more and more frequent, and the insurance company will be compelled as a measure of self preservation to increase the rates. As a result the more careful men will find it is costing them more than before they had insurance, and will drop the insurance. Only the careless men will retain the insurance, but the rates will by necessity go on increasing until they become prohibitive to all. A bad risk then is one that is opposed to these two basal principles. Any risk where there is certainty of loss occurring or where what is virtually a running expense must be covered under the policy, is not a risk that the company should be put upon.

Agents' Duty of Selection.

I preach, therefore, the doctrine that a duty lies on our agents to underwrite their risks carefully, and not to leave the entire burden of selection to rest on the home office. A man predisposed to laryngitis, a man reckless in the running of his automobile, an old and weakened boiler, a defective elevator, a liability risk characterized by a run-down and slipshod plant or having heavy first aid charges, a burglary hazard characterized by bad moral features, a plate glass window in an excessively exposed situation, a fidelity risk on a man well known to possess speculative tendencies—all these are risks that should be rejected by the agent irrespective of action by the home office.

An agent desires the lowest rates possible, consistent with proper protection and service, and he also desires the maximum insurance benefits for his clients. To obtain these and thus be enabled to reap the full advantage in competition, he and all his fellows must co-operate in keeping down the losses to the lowest possible point by putting the company on good risks only—risks on which, if a loss occurs, it will have been wholly unforeseen and wholly unpredictable. I do not mean that a bad risk should be passed by and neglected. What I mean is that the home office should be put on notice and warned of all the bad points of the risks presented. It is often possible to transform a bad risk to a good one, either by persuading the prospect to take proper precautions, or by so writing the policy that the predictable losses are cut out and only the unforeseen and incalculable contingencies covered.

BUSINESS INSURANCE.

"Business insurance" is life insurance applied to the needs of a corporation or partnership, says the Agent's Record. Every manufacturer or merchant carries fire insurance on his plant or goods. Safety compels, his credit depends upon it. Goods and buildings are results, not causes. They proceed from and their value depends upon the organizing efficiency of managers, their resourcefulness and farsightedness. Because of these qualities new ventures succeed, for lack of them old and established concerns disappear, for corporations like individuals grow infirm.

Fire insurance indemnifies against loss by fire, which is only a possibility. Business insurance indemnifies against loss by death, which is certain, of the men whose brains, experience and character have made or are making the business a success. Their services are assets of the company, and as such should be adequately insured. Buildings, machinery and merchandise can be replaced with money. Men and brains are harder to replace. Too often their loss is disastrous. The demand for business insurance is a logical one; it is the natural accompaniment of modern methods and specialized ability which requires as a fundamental basis of business that uncertainties be eliminated, and which counsels a small fixed charge with commensurate benefits and safety in lieu of false economy with constant danger of disaster.

What Business Insurance Does.

Business insurance furnishes financial compensation in case of the loss of the services by death of the man or men upon whom the corporation or firm must largely depend for present prosperity and continued success. The possession by the borrower of business insurance influences banks in their extension of credit in prosperous times and in the continuance of loans in times of financial stringency. It is essential in new ventures where the success of the business is largely dependent on the life of one or two men. It facilitates the sale and increases the selling price of bonds when the leading officers or organizers are insured to the full amount of the issue. Its specified and increasing cash value makes it a quickly available asset to be carried on the books as such. If the insured members are endorsers of the notes of the corporation or partnership it provides a means of relieving their estates of the liability. Its value as collateral is tabulated for each year and the insurance company guarantees to loan its full cash value at the low rate of five per cent. interest.