

Insurance Briefs.

The bill to enable the Prudential of America to become a mutual company has been introduced into the New Jersey legislature.

To succeed the late Sir Edward S. Clouston, Bart., the directors of the Canadian Railway Accident Insurance Company (of which Mr. John Emo is general manager) have elected Mr. J. Gardner Thompson, president. Mr. J. W. Binnie becomes vice-president.

The Ontario Fire Prevention Association was organised in Toronto this week, as a sequel to a recent address in that city by Mr. Franklin H. Wentworth, secretary of the National Fire Prevention Association. The officers are: President, Mr. W. H. Shapley; Secretary, Mr. W. Walker, Toronto; Treasurer, Mr. J. M. McIntosh. Executive Committee: Messrs. Percy Robertson, Dean Fernow, Chief Thompson, A. R. Clarke, John Hunter, A. C. Lewis, John F. Ellis, J. C. Scott, E. P. Heaton, J. B. Laidlaw, Paul von Szeliska and others to be named.

RATE AGREEMENTS IN MARINE BUSINESS.

The losses made last year are especially disappointing to the market, because they came at a time when things seemed to be on the mend, and when it looked as though the long attempts at combination were really going to bear fruit in a higher level of premiums. Owing mainly to the system of individual underwriting, the marine market has never been favourable ground for tariffs and agreements, and rate understandings among underwriters have a habit of breaking down almost as soon as they are made. But the series of bad years through which the market passed at the beginning of the century forced underwriters almost against their will to the formation of tariffs, and it is becoming more and more common to schedule rates in a particular trade, and what is much more difficult, to maintain the schedule against the pressure of competition. What ultimate effect the movement will have on the market, and especially on Lloyd's, remains to be seen, but those who follow the general tendency of insurance will do well to bear it in mind.—*London Economist*.

According to the New York *Spectator*, a number of the American life companies are raising the interest rate for loans on policies from 5 p.c. to 6 p.c. with a view to discouragement of the borrower. At the close of 1911 the policyholders of United States companies had charged up against the face value of their policies no less than \$541,790,000, or nearly sixteen per cent. of the entire reserves held. That amount was more than double the outstanding loans five years before and over five times the amount reported at the beginning of the previous decade. For the safety of those for whom the insurance was primarily taken, observes the *Spectator*, such a condition of affairs should not, to say the least, be permitted to grow worse. On the recommendation of the National Convention of Insurance Commissioners a bill is being introduced into a number of legislatures this winter giving the companies the option of deferring the payment of money under loan clauses for a period of sixty days. Such a measure is precautionary in its nature, so that in the event of a finan-

cial panic the companies will not find themselves forced to sacrifice securities in order to meet heavy demands for cash.

KEENER COMPETITION IN U. S. FIRE FIELD.

The comparatively favorable results of the past six years, Mr. Frank Lock, U. S. manager of the Atlas Assurance, writes in a review for the *London Times*, have proved an irresistible bait for the formation of many new companies and for the entrance into the country of a number of continental companies, some of which tried their fortunes here several years ago but withdrew after a temporary period of adversity. It remains to be seen whether they possess greater stamina now than at that period, and it is not improbable that the early future may put them to the test in this respect.

There has also been an influx of companies which have entered to secure a purely reinsurance business through treaties. In addition the British and American companies of leading rank have become bolder in their underwriting policy as to the net limits carried, the effect of all of which is to produce a keenness of competition which forbodes unfavorable conditions in the comparatively near future.

The tendency to a permanent reduction in the average rate is well marked, says Mr. Lock, and is likely to remain unchecked, provided no serious conflagration occurs. Its logical effect will probably be the eventual concentration of the business into the hands of fewer companies, as it is difficult to see what place is left for the multitude of smaller companies which heretofore have been a feature of the business. State governments are interfering on behalf of their communities to secure reductions in rate. As yet there is a failure to properly appreciate that rate reductions cannot proceed much further until the national fire waste has been materially reduced.

THE PREDATORY MUNICIPALITY.

The City of Newark is continuing its efforts to tax the deferred dividend fund of the Prudential of America. Overthrown in the courts, the City is now trying to get new legislation which will nullify the court decision. The Prudential ceased issuing deferred dividend policies in 1907, but since that time the deferred dividend fund, now amounting to over \$30,000,000, has been the object of frequent assaults for the purposes of taxation. The highest courts of the State have upheld the company's contention that such a fund is the property of the policyholders, and hence constitutes a non-taxable liability, as far as the company is concerned. The Prudential, in opposing the new legislative measure, is not tax-dodging, observes the New York *Spectator* in commenting upon this matter. It already pays more taxes per \$1,000 of assets than most old line life insurance companies of the United States. Should all the arguments of common sense as to the nature of the fund in question be unavailing, there is still the fact that this fund has already been taxed by the State in which the premiums were collected by the premium tax of the State of New Jersey, by the surplus tax of New Jersey prior to apportionment, and by the surplus tax of the city of Newark prior to apportionment. "We hear much in these days," concludes the *Spectator*, "of predatory corporations; a new danger has arisen, the predatory municipality."