

We are glad to afford Mr. Robins space to describe his view of the position of the Policyholders' Association of Canada, and to express his regret that leading papers, like "The Monetary Times," have not discussed the insurance situation more fully from the standpoint he so cogently represents. Mr. Robins' letter is the first communication which this paper has received from anyone speaking on behalf of Canadian policyholders generally. Inferentially, it breathes a challenge to this journal to state its position—such a challenge as will always be cheerfully met.

We are quite sure that insurance companies, who have their own association of managers, must welcome the establishment of any policyholders' association which, being inspired by business men of such experience in large affairs as Mr. Robins enjoys, will be some sort of guide to themselves as to what public opinion is, and is likely to be—that same public opinion to which Senator Cox paid his respects in his memorable evidence before the Royal Commission, and which, after all, is the final arbiter in commercial progress as it is in politics. Mr. Robins forcibly expounds the argument for the Association when he says that, seeing that well-to-do men are urged to insure on the ground that their follies or misfortunes may cause the loss of the means on which they depend to secure their families against privation, it is equally appropriate that they should take their own steps to secure insurance funds from loss owing to the possible follies or misfortunes of the men to whom they are entrusted.

The utility of defensive organizations of all kinds must be judged according to the extreme contingency against which they are intended to operate, rather than according to the average condition of things with which they are associated. Which is another way of saying that the way to maintain agreeable peace is to be prepared for most sanguinary war? The honest citizen does not feel the appearance of a policeman on the street as a menace to himself. He amiably pays his contribution towards the policeman's maintenance because he knows that one day he may sorely need the protection of the law. The insurance director of long-standing integrity does not fear the honest policyholder's association. The records of beings like T. Marshall Ostrom, prove that there are some adventurers against whom highly reputable men, such as many of those who joined Mr. Ostrom's board, need to be protected, even though the ordinary implements of defence against trickery and inconsequent voracity, devised by the Government, do not prevent the granting of charters to men who, as in this case, may prove to be the most insidious enemies of honorable insurance. There is no more need to fear the Policyholders' Association than there was for the Grand Trunk Railway to fear the competition of the Canadian Pacific Railway.

Capable business men can afford to take large views of little questions. Either the Policyholders' Association of Canada represents a very important body of public opinion, or it does not. Mr. Robins has taken the opinion of many of his friends and acquaintances, with results that prompt him to sketch an exceedingly comprehensive programme, the execution of which would materially affect the balance of authority in life insurance. If the Robins' circle of acquaintance is typical of all the spheres of influence reached by business men, his letter should lead to a valuable understanding between insurers and insured, as to what is necessary in the revision of the law to preserve to the insurance companies their freedom of management, and to secure to policyholders the maximum of insurance at the minimum cost, after allowing for proper expenses. The problem can be discussed entirely without passion, and almost without prejudice, in these columns.

### "THESE' BRETHREN."

"What is the good of denouncing the men who sold the Home Life policyholders? They won't take the slightest notice, and the game will go on as before." Such was the cynical summing up of the Home Life situation by a man well practised in business affairs. If it were a well-founded conclusion, the outlook for integrity in Canadian insurance would be bad indeed. If "the game" is continued indefinitely, the reputation of Canadian business life will suffer indefinitely. The facts which determined the character of the Home Life transactions are within a small compass, and are easily stripped of non-essentials.

Mr. J. R. Stratton was president of the People's Life, which was not really a prosperous institution. An amalgamation with the Home Life was projected, by which Mr. Stratton would secure control. The managing director of the Home Life was Mr. Pattison who had a fifteen year contract, which, as regards profits for policyholders, was a "Heads I win, tails you lose" affair. Under this contract, if everything went well, Mr. Pattison would receive \$80,000. He was, therefore, paid \$80,000 for it, the money to come from the Home Life. Certain of the Home Life directors retained their positions in the amalgamated concern, and received bonuses and stocks on unbusinesslike computations of value.

So far as can be understood, not one of these directors knew that Pattison was getting \$80,000; and that the money would come from the company of which they were directors. The Rev. Dr. Briggs, vice-president of the Home Life, testified that he learned of the engagement to pay \$80,000 twelve months after it was made, and then only from a newspaper report of an investigation before a Royal Commission. He said it came upon him like a bolt from the blue, and, with the unconscious irony of the unsuspecting saint, described the individuals who concealed material facts from him, as "These brethren." So far as an ordinarily honest man can see, the only thing that can be urged in defence of these transactions is, that certain men wanted certain money, and they got it.

Mr. Pattison, presumably, would have received \$80,000 from the Home Life for his services as managing director. To receive \$80,000 out of the Home Life, as the inducement to render no further services to the Home Life was a feat in finance which pleased "These brethren," astonished Dr. Briggs, and has made a new record in the commercial world. The last report of the Superintendent of Insurance shows that in 1904, the gross income of the company from premiums, rents, premiums on stock, and increased capital, was \$155,689, whereas the administration expenses were \$77,213, or 49 per cent. The People's Life was taken over on the assumption that it had insurance policies in force amounting to \$2,672,000. Square dealing with these policies reduced their value to \$1,760,000—a terribly heavy percentage of loss. And yet, in the face of a state of things like this, gentlemen, including a doctor of divinity, were ignorant of a deal by which \$80,000 of Home Life money was pledged for an individual; and the doctor of divinity, who is really a shrewd business man and the head of the principal business enterprise of the great and honorable Methodist Church, did not know that the deal had been made, but had an idea in his head that \$20,000 would have been a liberal sum to settle Mr. Pattison's claims. Who was seeing that either shareholder or policyholder got fair play?

Two leading questions of public importance arise directly from the admissions made in Toronto this week. The first is as to the quality of Stratton-Pattison methods as insurance methods. From the point of view of honorable insurance these practices are about as rotten as they can be. They are grossly unjust to