

STOCK AND MUTUAL LIABILITY INSURANCE.

In an article last week referring to the wrong basis on which the new workmen's compensation legislation of the province of Ontario is drawn, we suggested that in order to make the legislation fair and equitable, it is essential that at least the present provisions should be amended on the lines of the existing New York law, where an employer may belong either to the State fund, or take out his insurance in a stock or mutual company or, if he can demonstrate to the satisfaction of the commission, that he is financially strong enough to carry his own insurance, he may do so. This argument is to be understood as one only for the freedom of the employer in making his choice of the means by which he may cover his liability for compensation to those of his workmen who have accidents. The choice of either of the four means mentioned is another matter, and there can be no doubt that on this point the advantages offered by the stock companies to the careful employer are infinitely greater than those which can be put forward on behalf of any other method of insurance.

NEW YORK MUTUAL CORPORATIONS.

The mutual corporations, which may be started in New York State under the new Workmen's Compensation Act are formed by thirteen or more persons for the purpose of insuring employers of labor against loss sustained by reason of industrial accidents to workmen in their employ. The corporations may transact business after forty employers, employing not less than 2,500 workmen, have agreed to take insurance therein, and after a license has been issued by the Superintendent of Insurance. Members of the corporations are liable to assessment for an amount not less than the cash premium named in the policy. Such liability is limited to losses and expenses incurred during the period of membership and is to continue for a period of one year after the expiration of the policy.

A mutual company on the basis permitted by this law may start business without a dollar of assets that may be called its own. Without members it falls to the ground. It may by assessment double the premium at any time, and not a word is said in the law about the maximum number of assessments. If the losses incurred use up the advance premium and assessments, members are obligated to settle outstanding claims, and this can be done only by levying additional assessments. If these are not made, then the company must go into bankruptcy, leaving individual members to pay their own losses.

These being the circumstances, mutual insurance hardly appears a desirable form of covering the employers' losses by workmen's compensation. As a matter of fact, in the State of Michigan less than 5 per cent. of the employers have availed themselves of mutual insurance, and the same may be said of employers in other States.

FALLACY OF MUTUAL INSURANCE.

The fallacy of mutual insurance was recently pithily put in a New York journal by Mr. George E. Wetzel. "Of all mutual companies organized," he says "85 per cent. fail or retire from business. Mutual insurance is not what it is advertised by any means. There is a constantly changing membership, so that where there is a large undetermined liability carried over from year to year, and for many years,

as will be the case under this law, the liabilities of the members of to-day will be as millstones about the necks of the members of to-morrow or next year or perhaps forty years hence. A single catastrophe or a bad accident may seriously affect the credit of the best and highest rated employer. Under this law a claim for compensation becomes the first lien on the property of the employer. Business is largely dependent on borrowed money obtained through loans from banks upon approved security. Should mutual insurance be the obstacle in the way of securing a much-needed loan, what happens to the enterprise? Injuries will occur and the claims must be met. If the treasury is empty, assessments will be levied. How many? That is the question.

"Desirable business is not obtained without solicitation. Only the undesirable and unprofitable risks seek protection. Risks of essentially the same type differ as respects hazard. Will the employer enjoying an enviable record permit his money to be spent in losses occasioned by a bad risk? If not, trouble may arise when least expected. This question should be weighed carefully by all employers. Mutual companies must have representative employers as directors, which means a sacrifice of time to their own industries. They must engage efficient managers to transact a business which is entirely new and untried in this State. Any compensation plan will long remain an experiment. Why load the experiment of compensation with the experiment of mutual insurance and cause the failure of both."

THE LATE MR. GEORGE A. SOMERVILLE.

By the recent death of Mr. George A. Somerville, general manager of the Manufacturers' Life, Canadian life insurance has lost a notable personality and one who was widely esteemed by his confrères for his character and courtesy. Mr. Somerville's career had been a decidedly interesting one. Born in the county of Perth, Ontario, in 1855, he taught school for a number of years and afterwards became school inspector with headquarters at Guelph. Subsequently, he began his business career as manager for the Guelph and Ontario Loan and Savings Co., and signally advanced the progress of the concern. In 1889 he became general manager and director of the Huron and Erie Savings Company of London, in which capacity he remained for 18 years. It was during his connection with the Huron and Erie that he became first interested in life insurance, and was elected a director of the Mutual Life of Canada. In May, 1907, he was offered and accepted the position of general manager of the Manufacturers' Life Insurance Company, and was elected a policyholders' director in May, 1913.

Widely known in financial circles, Mr. Somerville's conspicuous ability in the realm of investments was everywhere recognized, and his shrewdness and ripe experience will be much missed. The Manufacturers' Life has been this year particularly unfortunate since within a few weeks it has lost by death both its president, Sir George Ross, and its general manager, Mr. Somerville. One of the late Mr. Somerville's three sons, Mr. W. H. Somerville, is associate secretary of the Mutual Life of Canada.

The Hudson Bay has discontinued writing hail insurance.