

specific reasons under what conditions the government consider they should be closed.

Latest Announcement is More Definite

Since the above was written, Sir George E. Foster, minister of trade and commerce, has announced the de-control of wheat and the winding up of the Canada Wheat Board on August 31st. He states in his official statement that three reasons may arise that might make it necessary for the government to proclaim the enabling bill:—

1. The centralization of buying in Europe.
2. Necessity of the government extending credits to buyers of our wheat.
3. If the United States markets are closed at a later date under the provisions of the Lever Act.

The exchanges do not believe these contingencies will arise and are making arrangements for the wheat business of this country to return to normal channels on the 1st September. It is expected the option market will open in Winnipeg about the middle of August.

MERGERS A FEATURE IN INSURANCE WORLD

Subsidiary Organization Frequently Unchanged, but Policy Principal must Ultimately Dominate—"Fleets" now Operating in Canada—U. S. Watching Movement Closely

MERGERS such as characterized the Canadian industrial field about 1911 are now taking place in insurance. British companies are at the head of this movement, and several Canadian as well as British companies have been acquired in this way. The subsidiaries continue to do business in the usual way, though it is customary for the principal to guarantee their policies. H. W. Crossin, of Armstrong, Dewitt and Crossin, commented on this movement in a recent number of the "Toronto Board of Trade News" as follows:—

"The Old Country combinations are no doubt rightly referred to as mergers, but the Canadian deals have been more in the nature of a swallowing process. While the Canadian companies may preserve their identity, the management will generally be in the hands of the officers of the owning company. In the case of the Liverpool and London and Globe, which was acquired by the Royal or the Norwich Union, which is now owned by the Phoenix of London, the Canadian organizations of these companies are, so far as the outsider can observe, being conducted exactly as heretofore, with the same distinct offices and officers, the owned and the owners apparently continuing to follow their own ideas of operation. Eventually, of course, the underwriting views of the parent companies will probably dominate. Where, however, smaller companies have been taken over by larger companies, the management and individuality of the smaller companies almost immediately disappears, and they become a part and parcel of the parent companies.

Chain of Six or Eight Companies

"At the present time there are one or two companies doing business in Canada which own as many as six or eight other companies. In some cases the management of a subsidiary company, in so far as Canada is concerned, is entirely independent, while in others it is not. These groups which may include several fire insurance companies, a casualty company, and may be a marine or plate glass company, which are owned or controlled by a single company, have come to be known in the insurance world as the "Fleet" of the owning company or interest.

"Of course, these mergers or sales come about through one or other company seeing an advantage in the deal. As a general rule, the buying company is desirous of securing a wider spread of business, or with the same end in view, an additional feeder, as, the wider the company's business is spread, the better it is for that company. Very often such

a result is obtained, with also a reduction in overhead expenses, all of which is not only beneficial to the company, but also to the insurer as anything which will result in the business being more profitable to the insurance company is bound, in time, to be reflected in the rates charged.

New Companies Counteract Effect

"One difficulty which this condition presents to the public is that when one buys the policy of, say, the World-Wide Insurance Company, he may find that in reality, so far as security goes, he is actually buying a policy of the Omnipotent Insurance Company. In this general tendency also, one is sometimes inclined to fear that the business is gradually working into the hands of a few companies, which would dominate insurance throughout the British Empire, if not, in fact, throughout the world. This, of course, would be a condition which no one would like to see. However, reports continue to be received of the formation of a great many new companies, so that probably there will always be a sufficient number of independent companies to safeguard the situation.

"Interest of the United States company officials has been specially aroused by the recent mergers, as they see in them a great strengthening of the position of British companies, and yet find themselves prevented from adopting the same course to improve their own position. This is owing to the fact that companies coming under the insurance law of the state of New York are prohibited from acquiring the stock of any other insurance corporation carrying on the same kind of insurance business. The law referring to the investing of funds by domestic companies reads in part as follows: 'The residue of the capital and surplus money and funds of every domestic insurance corporation . . . may be invested . . . but no such funds shall be invested in or loaned on its own stock or the stock of any other insurance corporation carrying on the same kind of insurance business.'

Monopoly Not Now Feared

"Apparently this restriction was placed on companies in the early days with the view of preventing a monopoly. It now seems to be felt, however, that insurance is no longer regarded as a private business, but as one in which the public at large has an interest, and that if it is not conducted fairly the state will step in and regulate it, and that, therefore, this restriction should be removed. Writers in the United States who seem to express the views of the companies owned there, are agitating to a certain extent to have the restriction removed. The comment of one writer in this connection is of interest: 'Whatever may be the American attitude toward concentration of control of capital, preferences or prejudice at times have to give way in the face of conditions. Leading American companies are now reaching out for world business. Their chief competitors are British companies—old, strong, experienced and already strongly entrenched in the markets of the world. They operate under laws which permit them to own other companies doing the same class of business. Within the past few months the greatest fusions of British companies ever known have been effected because the companies saw that under single control they could meet competition more effectively than as unrelated institutions. Those companies can and do own numerous American companies which strengthen them by acting as feeders for them. Yet the laws of various States, including New York, deny to American companies the privilege which British companies exercise to their own advantage right here in America. It is most unusual for one company to handicap its own institutions in competition with those of other countries. It is anomalous that while Congress is endeavoring to build up foreign commerce and enable American marine insurance to co-operate to this end, the individual States should continue to hobble American insurance companies because at a time now well in the past, under conditions which no longer exist, they thought it in the public interest.'