

to continue the yearly premiums or even to make up his mind that he is willing to continue paying them. If the companies cultivated more intently the former kind of enterprise and paid less attention to the latter, there would hardly be in Canada an all-round waste ratio of something like 50 per cent. in ordinary life business; the companies themselves would be in a sounder position and making more real progress and they would be rendering better service to the whole community.

THE MORAL HAZARD.

Between the theory and the practice of guarding against moral hazard in fire insurance there is unfortunately a wide gap, into which fall annually as a dead loss a good many thousand dollars of good insurance money. Managers and underwriters generally readily agree that the man who is insured is quite as important a consideration as the property covered; but somehow, in the urgency of competition, the former is frequently ignored by the agent, who is more intent on booking another risk, with a good premium attachment, than in meddling with the moral hazard, which really may be the chief one in the case. A risk may look exceedingly well in the report, and really be a prime one as to physical hazard, and yet be about as desirable for the company as a powder mill. In some cases there is doubtless difficulty on the part of the companies in getting a discriminating report from their agents as to the man insured as well as the property, and possibly the situation might be improved by giving more positive instructions, accompanied by an iron-clad insistence that they be obeyed to the letter. A little more heroic treatment of the moral hazard question would be timely

AMORTIZATION OF BONDS.

Much interest was taken in financial circles in reports that the insurance departments of some of the more important States were seriously considering the withdrawal of the authorization of the system of amortizing by life insurance companies so far as it applies to their railroad bonds in their reports of assets. This would necessarily prove a hardship, if not worse, to the companies holding large amounts of such bonds as those issued by the Missouri Pacific, the Rock Island and the Missouri, Kansas & Texas and a considerable number of other crippled companies whose securities are in the vaults of the insurance companies. The practice of the insurance companies in most instances where they buy bonds below par for the purpose of carrying them to maturity is to divide the discount into equal yearly parts and include each separate yearly part as profit as the time goes on toward maturity. If the companies are compelled to figure their bonds of this character at market value, it will materially affect their financial statements in times of depression and naturally make the life companies favor municipal and State securities, on which it is proposed the amortization system will not be affected.—N. Y. *Journal of Commerce*.

THE LIFE ASSURANCE OUTLOOK.

To the careful observer of passing events the fact must seem tolerably clear that never was life assurance on so firm a basis as at the present moment. Not only has the increasing army of intelligent agents in the field been an educational force among the masses, removing prejudices and crude errors and replacing them with correct views of fundamental principles, but the practical benefits accruing more and more each year, alike to the business man and to the widow and orphan, have had a convincing eloquence beyond the power of rhetorical discourse or forceful logic. The tangible argument of a five or ten thousand dollar cheque is one which appeals with complete success to all classes and conditions of men and women.

But not only have the majority of the people come to know and to believe in regular life assurance, but they are getting pretty well acquainted with the various imitations and substitutes furnished. They have seen demonstrated by actual results the fundamental weakness of the assessment system, and naturally they will turn to that kind of insurance that has repeatedly demonstrated that it can fulfill every promise and interpose unfailing succor in the hour of need. To all the workers in the cause of legitimate life assurance, whether in the office or in the field, the longer outlook is encouraging despite the business clouds of the present day. Confidence in the system and respect for its representatives is widespread and growing every day, and to the true men in the business there are better prospects than ever before. For sohemers and loafers, there is no room, for the business is both beneficent and honorable, not only in itself but in the eyes of the public, and only clean, competent men can win in its service. For such there is abundance of room.

CANADIAN FIRE COMPANIES IN FOREIGN FIELDS.

Twelve Canadian fire insurance companies are reported as having transacted business in foreign fields last year though in several instances the foreign field was no farther abroad than Newfoundland. Of these twelve, two, the British America and the Western between them account for the great bulk of the premiums received, the foreign premium income of the remaining ten companies being under \$70,000 in all out of a total of \$3,129,204. Four of the companies doing a small foreign business managed to pay out more for losses than they received in premiums last year the total losses paid being \$2,112,379, a proportion of 67.51 per cent. to the premiums received—a higher level than had been reached since 1908, when a proportion of 73.73 was recorded in respect of this business.

The annual convention of the International Association of Casualty and Surety Underwriters is to be held at Detroit on August 24 to 27.