

is naturally as favourable as it is possible for the companies to make, and the conditions developed by settlement of losses are apt to be worse rather than better.

It would seem, therefore, that your department should now be in a position to determine the status of companies now authorized to do a fire insurance business in this State, and to protect the people of the State from the continued operations of such companies as may have recently become insolvent.

On behalf of the association and of our Committee on Fire Insurance we, therefore, respectfully request you to cause an examination to be made into the present condition of the fire insurance companies authorized to do business in this State, and to advise us as to the results arising from such an examination. We would be pleased to receive from you an assurance that this will be done forthwith, and that no insolvent fire insurance company is being permitted to do business, or will be permitted to do business, in this State.

Yours respectfully,

S. C. MEAD,

Secretary The Merchants' Association of New York.

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Albany, July 27.

Mr. S. C. Mead, Secretary the Merchants' Association of New York, 346 Broadway, New York City:

Dear Sir—Your letter of the 26th inst., with suggestions as to the duty of this Department in the matter of fire insurance is received.

We had already been apprised through official sources of the facts stated in your letter. The verified statements from the several insurance companies made as to June 30, have been tabulated and are in the hands of the printer, and will be ready for distribution within a few days. A copy will be forwarded to you. These statements do not determine the condition of the companies.

The Department will endeavour to discharge its full duty under the statutes and as required by its obligation to the people, and I trust to your satisfaction; but does not feel at liberty to make announcements of its intent or method of procedure. We do not feel that personal assurances ought to be necessary that a public official will endeavour to efficiently perform his duty where it is so plainly discernible.

Very respectfully yours,

(Signed) OTTO KELSEY,  
*Superintendent.*

#### LIFE INSURANCE ABUSES.

Why is it that an apparently increasing number of risks of questionable moral and physical desirability find their way upon the books of the life insurance companies, and result in an increasing proportion of death claims of more or less suspicious validity, in spite of the precautions that the officers of the companies take to guard themselves against the admission of such risks? Of course, the conditions of competition, which all impartial life insurance experts must be willing to acknowledge, are not restrained within reasonable limits; have something to do with this evil. They probably are not so directly responsible for it, however, as is another cause to which we desire to direct the most particular attention.

When life insurance on this Continent was in its infancy, it was a comparatively rare thing for one soliciting agent to work for another agent of a life insurance company without some direct contract or direct recognition from the home office. At that time the agents who secured the applications came into contact, either personally or by correspondence, with the officers of the company for which they worked, and consequently, in the very nature of things, they were led to feel some measure of direct responsibility for the quality of the work they did and the desirability of the risks that they were instrumental in causing their companies to assume.

As the business grew and assumed a magnitude never before even dreamed of, the executive officers of the companies began to feel the burden imposed upon the ordinary conduct of their business, growing out of the vastly increasing number of direct agency contracts, involving frequent periodical reports, and requiring more or less of direct personal supervision. They began a system of centralization, hoping to minimize the work and the friction that naturally grew out of a vast number of individual transactions, and this system of centralization has gradually grown more and more into favour, resulting in relegating the bulk of the soliciting agents into obscurity, so far as any personal supervision over their work, that could be exercised by the officers of the companies, is concerned.

Can there be any doubt that this system of centralization, under which a large and successful company would have only one recognized representative in a large State, or in perhaps two or three or more large States, would naturally dissociate the soliciting or sub-agents from the company, break down the sense of personal and individual responsibility under which they had theretofore labored, and create in its stead a feeling of such utter irresponsibility to the company that very little care would be felt as to whether or not the company was led to assume undesirable risks.