

ing the major part of their banking power, by giving the banks credit, in form of deposits, as well as by utilizing their credit with the banks. If a man or corporation wished to open an account, the line of investigation as to the individual or the individuals managing the corporation would first be directed to their character, honesty, temperance, sobriety, industry, forethought, efficiency, prudence, the quality of looking ahead and providing for eventualities, and their financial resources and property strength.

LIFE INSURANCE AN INDEX.

The initial inquiry would naturally take the form of a personal interview, and, at some point in such an interview between a banker and a would-be depositor or debtor, the inevitable inquiry would suggest itself, "Have you any life insurance, and if so how much, and in what companies? Does it run to your estate, or to some named beneficiary?" Such an inquiry would be important because of its bearing upon his financial power, but vastly more important as showing his trend of mind, the extent to which he assumed personal responsibility, whether he was caring for the present and immediate future only, or whether the range of his vision and his activities looked to the protection of his estate and his family after his demise. The quality of mind which induces one to take out life insurance is the quality of mind that best insures success in business.

DETERMINATION TO PAY.

It has been the custom of business men, in extending credit, to lay much stress upon financial ability to pay, and this element, coupled with laws which make it possible to enforce payments when property is available for that purpose, is of great importance. But does not the average business man put too much emphasis upon a man's financial ability to pay, and too little upon those personal traits which are comprehended within the general term "determination to pay"? In other words, do we not pay too much attention to property qualifications, and too little to personal qualities? The law's delays and the law's circumvention permit property to melt away, but the element of personal honesty and the quality of efficiency do not change with time.

With such thoughts in mind it is interesting to note the activities of life insurance companies in urging life insurance as a means of circumventing the disaster almost sure to follow in cases where death removes from the management of a business the man whose foresight and ability have made the business a success. Of course, the mortality chances in such cases, under the law of average, may not be very great, but they are chances which a concern, dependent largely upon one life, may well hesitate to take. Hence, the growing custom to shift the risk to a company, which, by insuring many lives, invokes the law of average, thus making certain that its losses shall not in the aggregate be abnormal. I am told that this kind of insurance is now being written in large amounts to cover, not only the dependence of one partner upon another, but also of corporations upon their managing geniuses, their inventors and other persons upon whom success is largely dependent. Life insurance is also being made to serve the useful purpose of insuring creditors against the death of debtors whose ability to pay their debts is more dependent upon their living than upon the amount of property they may own. I borrowed

money to finish my education, and had my life insured as collateral. The party making the loan believed I would repay the same if I lived, and that the insurance company would if I did not. These useful functions tend to remove uncertainty and chance of loss from daily business transactions, which is most important in establishing and maintaining credit relations. It shows how rapidly and how intimately life insurance is being interwoven with current business.

(To be continued.)

CAREFUL AGENCY SERVICE.

In the latest issue of the *Glens Falls News and Times*, President Cunningham says:

The deliberate use of agents' local knowledge of insurers, and of even their intuitive impressions of moral hazard and their judgment and experience as to physical conditions, is important at the very beginning of liability—and this "beginning" does not admit of carelessness or indifference, nor should there be any negligence or apathy as to any new unfavorable conditions during the continuance of a policy.

There never was a time in the history of fire insurance when careful and interested agency service is so much needed, for rates are below the combined loss and expense ratios. There is no room for risks likely to burn or insurers who need the money more than they need their property.

We, therefore, respectfully urge your best service in selecting risks, and in co-operation with this expectation we will predicate our hope for better results this year.

Probably one reason why there is so much unreasonable complaint of fire insurance rates is the fact that such a large proportion of property owners have paid premiums for years and, fortunately, have had no fires.

The same may also be true of localities which for long periods have suffered little loss and think they have been paying too much for insurance protection. Rates cannot be predicated upon the experience of individuals or communities. There must be profit somewhere to meet excessive losses otherwheres; and the fortunate individual or locality this year, or for a period of years, may be claimants any day. Credit should be given for construction, for prevention and fire fighting equipment, but not for mere good luck; nor be charged with mere bad luck, even of conflagration dimensions.

The matter of insurance rating is broad and complicated, involving fire experience in the aggregate and the equitable apportionment of cost. Underwriters are not infallible and cannot foresee what will burn, or where, and it is really a wonder how fairly rates are adjusted.

The loss ratio for the whole country for three decades averages 55.22 per cent., while 55 per cent. is considered the highest loss ratio permitting reasonable underwriting profit.

Proceedings against the former directors of the Dominion Trust Company have been begun by the liquidator at Vancouver with the purpose of compelling the directors to make good losses up to the amount of their liability. The proceedings are taken on the ground of neglect and not of criminal acts.