amount of business. The need of caution at every stage is nowhere greater than in life insurance, and the practice which interests officials in the acquisition of business, without reference to its results, should never have been tolerated. If the bill before the Assembly went no further than these points—if it simply exacted, by the imposition of stern penalties, minute statements of all forms of the companies' expenditure, and forbade any payment of officers apart from their salaries, whether in the shape of percentages on business acquired or on disbursements made, it would be a wholesome bill, and one that the companies should not be allowed to kill.

Another reform indicated by the bill is also full of promise. As regards the management of companies, policy-holders are now, practically, a nonentity. Even in what are called "mutual" concerns, they are virtually powerless. They are so, in part, because of the culpable indifference of the policy-holders themselves, who never dream of attending meetings, and subjecting officials to the keen questioning which is the best guarantee of careful corporate management. What the law may usefully do in these cases is to regulate the giving of proxies—forbidding any proxy except for a specified occasion, and lasting no longer. Enforce this rule, and the abuse of the proxy power, behind which officials are now safely intrenched, would come to an end. The change which it is proposed to introduce into companies whose direction is in the hands of stockholders, is radical and sound. Nothing could be more preposterous than the pretension by which the proprietors of say a hundred thousand dollars of capital take to themselves the sole right of administering millions belonging to policy-holders. The capital, in the first place, is of no value to the company. It is worthless as a pledge of security. Its owners reap enormous advantages in consideration of a risk which is not even nominal. They choose officers, manage investments, take the entire charge of a very lucrative business which is carried on with the policy-holders' money. The policy-holders, meanwhile, are helpless. If they want information, they must plead humbly for it. If they think investigation desirable, they must entreat the stockholders to allow it. The system is as absurd as it is mischievous. And the Assembly Committee's bill provides the foundation for a genuine reform by providing that in companies of this nature the policy-holders shall be hereafter entitled to equal participation in the management. No pretense of "vested interests" is admissible as an argument against the change. The true interests are those of the policy-holders, and the Legislature owes to them a recognition of their right to protect themselves. In the same direction is the power conceded to a given number of policy-holders to originate investigation. We have more faith in independent scrutiny than in the perfunctory labors of the Insurance Department, and the Assembly Committee fall into a mistake, we think, when they leave the latter at the mercy of the Attorney-General. Late exposures have revealed the folly of reliance upon the zeal of that functionary.

The modification of the Massachusetts system in respect to the non-forfeiture of policies—or rather the application of the accumulated reserve to the maintenance of a policy, if the holder be unable to pay a renewal premium—may be a justifiable concession to a not very enlightened public opinion, but as an element of reform we think that its value is overrated. Moreover, the means provided for restraining the litigiousness of companies, however equitable in their intent, are somewhat crude. The case as it stands is bad enough. The companies are careless in the acceptance of risks, because they rely upon their ability to protect themselves in the law courts when the risks become claims. Instead of enforcing the principle of indisputability without discrimination, it would be better to limit the operation of the principle to policies which have been extant a given period, thus enabling a company to check the transactions of its agents, and at the same time to afford to the great body of policy-holders absolute security against litigation.

LIFE INSURANCE REFORM.

There is one obvious danger in all legislation relating to life insurance, and that is the tendency to supersede individual precautions against bad management, and to inspire a blind confidence in the checks and safeguards created by law. In its most perfect aspects, the law can be only an inadequate protector of the policy-holders or the public. It may be invaluable as an auxiliary; it is worthless as a substitute for independent criticism. The question is fairly open to discussion, whether the theory of State supervision, as hitherto applied in this country, has not produced quite as much harm as good. The immediate effect of it has been to create the impression that the action of the State department might with safety be relied upon to insure the solvency, and in essential features the good conduct, of the companies transacting business under its sanction. Recent events have rudely dispelled this delusion. We have seen reckless and fraudulent management carried on with the implied license of the department. We have seen companies long and notoriously rotten keeping up appearances which an efficiently administered department would have rendered impossible. We have seen insolvency pass unchallenged, and frauds that should have landed their perpetrators in the dock consummated with impunity. A department which thus fails to accomplish its admitted objects is a snare. To some extent, the failure may have been attributable to the inherent weakness of the department. In other respects the failure must be attributed to the deficiencies of the law under which the department performs its work. Matters have been left to the discretion of the Superintendent about which the law should have left no room for laxity or doubt. Openings have been afforded for the exercise of sinister influence on the part of the companies whose transactions should have been subjected to searching supervision, whether the officials relished the process or not. On the supposition that the State owes to its citizens protection in regard to life insurance, the law as it stands is too manifestly insufficient to admit of intelligent defense.

The bill reported by Mr. GRAHAM, from the State Assembly Committee on Insurance, is not by any means a perfect measure. The subject is a large one, with many ramifications, and very careful treatment is required to cover properly even its leading points. One remark, however, the bill calls for which is greatly in its favor: it is, so far as we can judge, an honest bill, entering perhaps a little too much into details here and there, but, on the whole, framed in the interest of the public, and *providing efficiently against the more* glaring abuses of the present system. Even where it errs in attempting too much, the effort is so evidently commendable that any excess of zeal in the committee may well be excused. The occasion for a tribute of this kind comes so rarely that it would be both unwise and unjust to allow the minor defects of the bill to detract materially from its substantial excellence.

Perhaps the worst feature of the system as it is, is the opportunity it affords for the concealment of corrupt and extravagant management. The statements now furnished by the companies, elaborate as they seem to be, after all, conceal the very facts which the public desire to learn. "Lump sums" hide indefensible expenditures, and the real cost of acquiring and conducting business only those behind the scenes actually know. We doubt the expediency of fixing by law the percentage which a company shall allow to its agents. But there can be no doubt as to the propriety of the demand enjoined by the bill for a specific explanation of the commissions paid for the acquisition of new business and for the collection of renewal premiums. At present, these distinct charges are so mixed that the cost of carrying on old business is unduly enhanced, while the extravagant price paid for new business is artfully concealed. The legal provision which will prevent this managerial trick will be a great gain. It is not necessary to prohibit excessive percentages. Only let the public know, on the authority of statements involving perjury if untrue, what companies pay such percentages, and the exposure will bring to a standstill those which are thus compromised. Equally salutary is the provision forbidding the payment of percentages to the officers of companies in addition to salaries. There is very little danger of the salaries falling below a remunerative standard, while there is very serious danger in any arrangement which makes the compensation of officers contingent upon the gross

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