

### Insurance Real Cornerstone of Every Business

Commercial Transactions, Building Projects, Crops and All Hazardous Undertakings Are Risky.

By P. K. WALSH, National Security Fire Insurance Company of Omaha.

Practically all the business of the world is transacted by credit. Little actual money is used. It would not be practical. All property may be exchanged for credit. Your personal check, the cashier's draft or the promissory note are merely evidences of credit. The general term "credit" means the faith that trade and commerce has in your ability to pay your obligations.

A bank is a clearing house for credit. The bank's principal mission is the distribution and circulation of credit. Its deposits represent credit not in use by depositors. Its loans represent the amount of such depositors' credit being utilized by borrowers. Bankers strive to protect themselves and their depositors from losses, which might result from the extension of credit to borrowers in several ways.

The first means of protecting a loan of credit is some form of collateral security. This may be termed a "tangible credit," which is pledged by the borrower against the loan. In the case of the merchant or manufacturer, who is the most frequent user of borrowed money in his business, his collateral security is in the merchandise or products on the shelf or in the warehouse. His merchandise is not very good collateral security, unless that merchandise is insured against destruction or loss by a responsible insurance company. When the bank makes the loan, the banker must have faith in the earning capacity of the business, which depends upon the ability of the owner to manage it successfully. The bank relies upon the merchant's or manufacturer's ability to convert the goods or products into sales, which in turn bring into the bank credit, represented by customers' checks, which are used to pay off the loan advanced upon the merchandise.

**Wisdom of Insurance.** Should a fire or tornado overtake the merchant or manufacturer before it is possible for him to make the necessary sales, the bank then relies upon the insurance company to repay the loan through its payment of the loss. Therefore, the banker always requires that the merchant or manufacturer carry adequate insurance to protect the value of the goods on hand. The wise merchant always carries insurance to protect himself against the loss of his savings, which he has invested in his goods.

The same principles apply to all dealers and producers of raw materials of all kinds. Beginning with the fundamental sources of all materials, we find that fire insurance, in some form, is relied upon to assure the value of all products of agriculture, mining and forestry.

In agriculture, the farmer or producer carries insurance to protect the seed in his bin or warehouse. He carries insurance upon the tools, machinery and livestock to assure him of the means of producing the crop. Once the crop is started, as in the case of cotton, corn, wheat, oats and other crops, hail insurance, which is a form of protection extended by fire insurance companies, is relied upon to protect the producer from losses from hail storms until harvested.

When the wheat is harvested, the fire insurance protects the grain in the shock, stack and bin. Also in the grain elevator, the mill, the bake shop and in the grocery store after it reaches the form of bread. It even covers the bread in the kitchen cabinet in the home. After cotton is harvested, it is insured during the ginning process. The bales in the warehouse are insured against fire. They are insured in transit, whether by rail or boat to the mills. The cotton is also insured while being milled into cloth; later in the garment factory or wholesale house. Thus in the retail store, and finally the cotton is insured in the form of clothing or wearing apparel under the household goods policy, which the consumer carries as protection upon the contents of his home. Fire and lightning insurance protects the cattle and sheep raised against the loss of his animals, until they are marketed as meat, leather and wool.

The meat and hides are insured in the packing house. The meat in the meat market, and the hides again in the leather factory shoe factory, retail stores and in the home.

**Building Projects Protected.** As soon as the products of mining and forestry have reached the manufacturing industries, which convert them into useful products of any kind, they too are protected by insurance all the way down the line until they enter the construction of buildings and homes as building material or furniture and fixtures. They are protected by fire insurance through all the processes, and the builder and home owner carries his fire and tornado insurance to continuously protect his investment therein.

During all of the foregoing described processes of manufacturing and marketing, a great deal of credit must naturally be extended to carry on the business represented, so that it may be said that fire insurance, in its various forms, is one of the most essential supports of all credit, directly or indirectly. When you buy a home, you insure it against loss by fire and wind to protect you from individual loss of the savings credit, which you have in it, as well as your banker, who may be assisting you in its purchase.

Other forms of insurance also contribute to the support of credit, such as use and occupancy insurance. This saves the merchant or manufacturer from loss of fixed charges and overhead, which must be maintained after a fire or storm, and during the process of replacement of buildings, machinery and stock. Leasehold and rental insurance protects the occupant or owner of the building against fixed rental costs

### Fire Insurance Official Tells Risks



P. K. Walsh

while the business is interrupted by fire or storm, and the property untenable.

**Profits Insurance** Profits insurance is usually carried to protect the merchant or manufacturer against the loss of profits on products ready for sale, which would have been accrued from the sale of such goods had same been sold prior to the fire.

Riot, civil commotion and explosion insurance protects against loss to property from those hazards.

Public liability and compensation insurance have their place in the protection of property owners and borrowers of credit against loss by accidents, which might diminish the ability to pay. Often the lives of heads of businesses are insured so as to protect the credit of the entire partnership, firm or corporation in the event of the death of the producing and managing members of the firm. Even whole groups of employees are insured under group life insurance, carried by the firm or with its assistance to protect the worker's family.

Fire, theft and liability insurance is necessary upon automobiles to protect the owner or driver against loss of the property or accident. Every automobile owner, who desires to maintain his credit, should carry full protection upon his automobile or

truck. One damage suit or judgment, resulting from an automobile accident, may utterly ruin a businessman or farmer, so that he never could restore his credit, unless the insurance protection took care of such loss.

Omaha is fortunate in having 21 insurance companies who are capable of furnishing the necessary protection to the credit of the middle west. The patronage of these 21 companies by the people of the middle west would result in stopping a large part of the life and fire insurance premiums, which are flowing eastward to other centers. A veritable river of insurance premium money running into the tens of millions of dollars, is leaving our section annually to be stored and invested through banks and trust companies in the eastern cities.

If the \$25,000,000 of insurance premiums, paid by citizens of Nebraska for their protection annually, could be centralized and divided among our Omaha companies, our banks would have an ever-increasing fund of available credit, which would be useful to the farmer and business man borrower in our midst. These 21 companies contribute and carry daily credit in Omaha banks of nearly \$3,000,000 in spite of the fact that they do not at present receive 5 percent of the premium dollars ex-

changed by Nebraskans for insurance protection of all kinds. Omaha's Possibilities Great.

The possibilities of making Omaha a leading insurance center are great. It is located in an advantageous position geographically, being practically in the center of the United States. It has the best mail service to and from the extremities of the continent, which give it a distinct advantage in service to the insurance business. This fact is recognized by companies located in other states and cities, which maintain small branch offices here for the purpose of assembling and concentrating insurance premiums written in this territory.

Our 21 Omaha insurance companies are capable of becoming great reservoirs of credit for the middle west. Today these same companies have concentrated over \$100,000,000 of credits, represented by their investments and bank accounts. Several of these companies have added to the structure of our city, by erecting four elegant office buildings.

The 21 insurance companies employ in some capacity over 1,000 individuals, and pay thousands of dollars of taxes toward the up-keep of Omaha and Nebraska governmental institutions.

If the public was thoughtful in directing the expenditure of its insurance premiums toward Omaha insurance companies which maintain headquarters here doubtless 17 more great buildings could be added to our growing city, with the consequent employment of possibly 15,000 more people in the service of insurance for the protection of credit.

From the foregoing, a reader may properly conclude that insurance is the cornerstone of the American business structure, as it helps to make possible the present credit system. You may appreciate this fully, when you consider that today \$125,000,000,000 of fire insurance and \$50,000,000,000 of life insurance is carried to protect property and life in this country.

**SEND DETECTIVES AFTER SPEED BUGS** Chicago, June 28.—Plain clothes detectives to stop speeding on city streets were advocated by Richard E. Kropf, supreme regent of the Royal Arcanum, in a safety address here.

"The driver breaking a speed law should be arrested," said Mr. Kropf, who—as head of the Royal Arcanum's nationwide accident prevention campaign among its 1,300 councils in the United States and Canada—has been tireless in his efforts to simplify traffic problems. "Speeding causes most of our accidents, and successfully curbing it will mean a long step toward reducing motor fatalities."

**Glass Heart Made to Beat.** Dresden, Germany, June 22.—A heart of glass which beats by the aid of a little electric motor and sends a red fluid coursing through glass arteries has been placed on exhibition in the Dresden hygienic museum. The apparatus is approximately the size of a human heart and was intended to be of special interest to medical students to illustrate the functions of that organ.

**NEW WORLD COURT ENDS DOG FIGHT** Evanston, Ill., June 28.—A mixed court tried the first case of violation of the Evanston dog-muzzling ordinance.

An English bulldog, owned by a Swede, attacked a Chinese chow owned by a German. A police officer (originally from Luxembourg) made the arrest, and an Irish attorney prosecuted the case before an Austrian-born justice of the peace. The defendant was fined five American dollars when it was established that the bulldog was not muzzled.

### Insurance Offers Steady Income to Widow, Children

Values Are Certain; Makes Possible Carrying Out of Life Program, Despite Misfortune.

By E. M. SEARLE, JR., President of Omaha Life Ins. Co.

Life insurance values are certain. This is the strongest appeal that can be made to substantial men and women. Yet the certainty is in the form of biggest individual gamble ever played.

With life insurance, the mortgage of future payments is canceled by death, instead of becoming a lien. If a man or woman buys a piece of property, the payments only count for so much; it is necessary to keep up the payments as on a life insurance policy, and, in addition, the interest on the balance has to be paid and so do the taxes, and if the man or woman dies before the last payment is made, the balance has to be paid by some dependent or only an equity is left.

Life insurance investments fulfill the purpose for which they are purchased, a safety fund for credit, a definite sum to retire a partner, the funds to send children through college, to lift the mortgage on the home, annuity for old age, a monthly income for the wife as long as she shall live and a home for the children until they are grown.

No other form of investment can guarantee to carry out a life program, if death makes possible only partial payments.

A life insurance policy is stable. If a man quits after making a small first payment on a piece of real estate, he loses what he put in, just as he loses if he quits on one payment for a life insurance investment.

The difference is that if he quits later, his other equities are uncertain; his life insurance equity is a definite sum. Cash in a bank or in good stocks is more flexible; so flexible that it filters away and leaves the old man and the old woman and the helpless widow and children without funds.

Life insurance is practical socialism. The pooling of the extra funds of the provident for mass use in such a way that the entire body of society benefits from the accumulations of wealth, and each policy holder attains the ends for which he works.

**President Omaha Life Insurance Co.** RIVER BUSINESS PICKS UP AGAIN

### President Omaha Life Insurance Co.



E. M. Searle, Jr.

Another good thing about a contract to help the farmers help him.—Dalwegman is that he is always willing las News.

### RIVER BUSINESS PICKS UP AGAIN

Cairo, Ill., June 28.—The old Mississippi has come back as an artery of trade. Nearly 100 barges and tow boats of the Federal Barge line are now handling hundreds of thousands of tons of freight over its waters every month.

The Mississippi-Warrior service, better known as the Federal Barge line, established during the war for the transportation of commerce and war supplies from the cities of the mid-west to the gulf at New Orleans, has grown steadily from a small insignificant fleet of tow boats and barges to one of the largest commercial carriers of the midwest. It has 80 barges, open and covered; eight tow boats and three self-propelled barges in the St. Louis-New Orleans trade. Modern terminals have been established at St. Louis, Mo.; East St. Louis, Ill.; Cairo, Ill.; Memphis, Tenn.; Vicksburg, Miss., and New Orleans.

### DISCOVER NEW WAY TO SAVE TOMATOES

Columbus, O., June 28.—Recent experiments by soil experts at Ohio state university have resulted in important discoveries in the fortification plants against late frost.

Announcement to this effect followed examination of tomato plants in several experimental plots at the university after the severe frost of May 22, which wiped out the tomato crops of many Ohio gardeners.

Acid phosphate, it was found, when mixed with the soil, aids the plant materially in withstanding the frost. Simultaneously, it was learned the more mature the soil contains the heavier the frost's toll.

## The Keen Insurance Agent

Selects Our Policy as Your Best Protection

**T**EN YEARS ago a group of far-sighted Nebraska men founded the National Security Fire Insurance Company. The opportunity was here. These men, through good underwriting and careful management, firmly established what is now known as Nebraska's oldest and strongest Fire Insurance Company. The sound growth of this company and its expansion over the United States placed it high among the foremost Fire Insurance Companies in the country. Today this company has \$500,000.00 cash capital. Quick assets total \$1,056,329.43 in diversified investments.

People in 42 states in the Union now hold policies in the National Security Fire Insurance Company of Omaha for \$140,000,000.00 insurance. The premiums from those states (which are remote from Omaha territory), are brought into the headquarters in Omaha through five department Branch Offices established in the cities of Chicago, Philadelphia, Hartford, Atlanta and San Francisco, for their respective territories.

You know the Board of Directors and Officers personally. They are men high up in their occupations assuring sound judgment and reliability. This Board and the Company's affiliations place unlimited financial strength behind its Policies. The company is established in your midst providing unexcelled service on losses.

### Kinds of Policies:

Fire, Lightning, Tornado and Windstorm On All Classes of City and Farm Property.

Fire, Theft, Collision and Property Damage On Automobiles, Trucks and Tractors.

Sprinkler Leakage, Explosion, Riot and Civil Commotion. Use and Occupancy Profits.

Hail on Growing Crops.

Inland Marine, Including Parcel Post Insurance,

Also Tourist Baggage Floaters, Salesmen's Samples, Theatrical Equipment, Trip Transit, Ocean Marine, Rain Insurance.

## NATIONAL SECURITY FIRE INSURANCE COMPANY

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Home Office: Omaha National Bank Building Omaha, Neb.

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