

How Can The Cause of Mutual Insurance be Advanced in Iowa?

As read by J. B. Herriman, at the annual meeting of Iowa Mutual Insurance Association at Des Moines, last November.

Mr. President and Brethren in the Mutual cause:—The question assigned me "How can the cause of Mutual Insurance be advanced in Iowa" is one that covers the whole range of insurance, and I can only refer to the work in a general way without going into detail.

I have given this question my attention for many years and I don't know that I am any nearer solving it now than ever.

I hope however that my observation and experience will enable me to make a few suggestions which will lead to the better and more efficient management of the different associations.

Mutual Insurance has made very decided progress in the state during the last ten years, but there is so much room to grow and improve that I feel I would like to see it make still greater progress.

We are very well aware that the mistakes and the misfortunes of one association effects the business of others; it is therefore to the interest of the County Mutuals to see that other similar organizations are conducted on as safe a basis as possible.

Recognizing these facts I will endeavor to state what some of those rules are: The application, being the beginning and foundation of insurance, should be so constructed as to give a complete description of buildings as to dimension, material, finish and construction; and certain rules should be applied as to how much buildings of a specified size and of a certain class, should be insured for; and if the construction and finish of the buildings are such that the rules will not give sufficient insurance, full particulars should be stipulated in the application and recommended by the agent.

It is very annoying to the officers of an association to discover after the fire or loss, that the building was not only insured for more than two thirds, but more than its cash value. There is no way of settling a loss of this kind without injuring the business of the association.

It is a pleasure to settle all honest losses, but a dishonest loss will always cause more or less friction.

The by-laws of the association should be so constructed to, so far as possible, guard against dishonesty; and this is not casting any reflection on the farmers for if you have one dishonest loss out of each one thousand members each year you are exceedingly unfortunate.

In the settlement of losses it should be generally understood that you make a thorough investigation, for if any one desires to sell his property to an association or company he will select the one having the reputation of making the least investigation; the man who wishes to sell his property will defraud an association, that is organized and conducted for his benefit and to help him save money, as quick as a company that charges him twice as much for his insurance.

In fact if you could in any way eliminate the moral hazard from insurance, the cost would not be much more than half what it now is, so that the way to make insurance cheap is to make it honest.

It is safe to avoid all who persistently over value every building or imagine they are much more valuable than their neighbors, of like size and construction: Any one who has had one or two mysterious or suspicious losses or those who do not bear a favorable reputation; in short give no one a chance to sell his building to you at a profit.

How to secure the right man or men to do the business is a difficult problem. He should have confidence in and love for the work, and be possessed of integrity and ability, as well as tact and good judgment of human nature; and if he has such qualifications, experience will soon educate him in the business, and he will make a success in his respective territory, be that township, county or state. If you have such a man do not let enviousness or jealousy enter your ranks, but give him all the encouragement possible.

The question of who should take application has caused considerable discussion, but I am convinced that the plan of having one competent man who will devote his whole time, or as much of it as is necessary, will do the work much better than to have a man in each township who only gives an occasional thought to the work and only takes applications as he is called by some one who wishes to insure. In order for anyone to devote time to any cause his compensation should be such that he will not be at a financial loss in doing so; very few men can become proficient in several lines of business and carry on all successfully.

My experience is, that when we can find a man who will devote his time to Mutual insurance, both fire and tornado; that is where we have secured the most business, and their county Mutual has made corresponding progress.

An association does not necessarily need to grow slow to make a safe growth, ten good risks can be taken as safely as one. In fact we know that the larger the association is the further we are removed from the danger of a heavy assessment in one year.

All of the best managed Mutual associations, both fire and life, have seen the necessity of preparing for any unforeseen or unusual number of losses, in the way of guaranty, reserve fund or advance assessment: It is the unexpected that always hurts, that is what the individual insures against and that is what the association should guard against.

We believe every association should accumulate a surplus in times of prosperity, or light losses, to tide them over the unfortunate years so as to prevent a heavy assessment in any one year, for no difference how cheap has been the cost of insurance for past years, many members forget all about it when they are called on for an unusual large amount some other year.

I am as firmly convinced as ever that a plan could be devised, and successfully carried out, that would give to each association an almost certain guaranty that their assessments would not exceed the cost of insuring in a stock company.

In summing up then what is needed to advance the cause of Mutual Insurance, is education in the business to the end that we may have more efficient and active men to manage it; better forms of applications and proofs of loss, which would result from education and experience; a business like way of management, some plan of giving a guaranty of the cost not exceeding that of stock companies, the united action and co-operation of all the Mutuals in the state and last, if not least, the education of the people to the principles and the benefits of the Mutual plan; this being quite important I will call your special attention to that part of it.

I know of no more efficient plan than through the columns of our papers and by a circular properly arranged and distributed.

I have many inquiries, from counties where there are county organizations, to know if there is a Farmers' Mutual in this county. Let us at least let them know we

are doing business and where to find us.

Brethren let us profit by the good or the bad management of other associations. Make ours as good and safe as possible. Let us stand by the cause and we will see it prosper and cheaper and safer insurance each year as our experience teaches us the best plan.

Communicated.

BY SAMUEL LITCHTRY.

What is Mutual Insurance among farmers? It is brotherly co-operation. A strong yet cheap combination to assist an unfortunate fellow farmer.

Why should farmers manage their own insurance? Chiefly because when others manage their insurance for them, they invariably charge too much for the managing. They allow their agent who writes the farmers application, as high as from four to five dollars, while a farmer who takes your application for a Mutual company generally receives one or two dollars for his work.

Secondly: Old line companies manage so the farmer helps to pay city losses, which are often great. Farm fires are few and far between. They can't go from one man's property to another, like city fires. Almost any township can show farmers who alone, have paid more money to insurance companies, than all the farmer of that township ever received back for losses. Do you say such a poor business as that ought to continue.

Third: Presidents and other officers of the old line companies take enormous salaries from us. Some get a presidential salary, even as much as \$50,000 a year. Then when some other and younger aspirant wants the big office and salary, the old officers is retired on a pension of \$37,500 a year for life. All these burdens the farmer policy holders must help to bear.

Fourth: After all the extortions enumerated, old line companies aim to make enough clear profit to please stock-holders. Further on, they aim to accumulate to lead back to farmers for "a mortgage on their farm." City fire insurance frequently proves unprofitable. Nearly all the waste, extortion, and enormous profits of insurance, comes from the farmer. Can we not arrange to help a fellow farmer in distress, without parting with so much money. I think we can. Yea, and thousands of townships, counties and communities have been doing so for many years, with perfect satisfaction.

Fifth: The adjuster sent around by an old line company after a fire or cyclone, is frequently a heartless, soulless fellow. Many are the farmers who paid their money in good faith, but on account of some technicality, got little or nothing for their loss. In a Mutual company, the director who come to adjust your loss, are usually your friends and neighbors. They approach your case with a sympathetic and fellow feeling. No one ever doubts about getting justice from such men. I have the experience of men who had over 30 years experience in Farmers'

insurance. They would no more think of taking a policy in an old line company, than they would pay fifty per cent interest for money, when they can get it for eight per cent.

Our experience in Richardson county for several years has been so profitable, I am very anxious to see the day when at least fifty counties in Nebraska shall have county fire companies, and our state cyclone company shall carry \$10,000,000 risks. This has long since been the situation in Iowa, and when representatives of all these companies hold an annual meeting at Des Moines each winter, it is the notable event of the season. The governor calls in to cheer the good work, and the state auditor makes a lengthy address, assuring the farmers of the hearty co-operation of his office. After much effort on the part of a few, we had good meetings of Nebraska Mutual men the last three winters at Lincoln, Grand Island and Hastings. But they were tame affairs to what they might be, or compared with Iowa, Illinois or Wisconsin. No state officer of Nebraska ever gave us a word of encouragement, but the ex-auditor gave us active opposition. We can bring them to our side promptly, if we are active and wise enough to gather up that strength which always commands respect.

To Agents

We would say to agents of all companies, that most of the farmers are desirous of insuring against wind as well as fire and lightning, and as you fee for writing fire insurance in your local company is small, you could help a good cause along by including cyclone. Thus we will suppose that the fees for your company is \$1.50. On approaching a farmer, on the cost of insurance for the first \$1,000 you could tell him that the membership and survey fees for fire, lightning and cyclone, are \$4.50, at which price most farmers will tell you to write them up. You will thus do yourself some good, the companies some good, and will give your customer an untold amount of good. Some agents have already adopted this plan and have made a success of it.

Errors of Youth.

Advertisement for 'Errors of Youth' medicine, listing symptoms like Nervous Debility, Youthful Indiscretions, and offering a cure from the New England Medical Institute.

BOOKS FOR THE MASSES.

Get these books and our paper as fast as you can into the hands of the people. Friends. Buy, read and circulate. Address all orders to the WEALTH MAKERS PUB. CO., Lincoln, Neb.

Table listing various books for sale with prices, such as 'The New Redemption' for 75 cents and 'A Plea for the Gospel' for 75 cents.

Ten Tons of Medicine. Won't do you as much good as a week's stay at Hot Springs, S. D., the greatest health and pleasure resort in the West.

J. W. CASTOR, Pres. W. B. LINCH, Sec. J. P. ROUSE, Vice-Pres. A. GREENMYER, Treas. G. L. LINCH, State Agent.

Farmers Mutual Insurance Co. OF NEBRASKA. Organized in 1891.

\$2,000,000 Insurance Now in Effect. DIRECTORS: J. W. Castor, Emerald, Neb. J. P. Rouse, Alva, Neb. J. L. Hermance, Raymond, Neb. A. Greenmyer, Cheesey, Neb. B. H. Davis, Syracuse, Neb. J. A. Floren, Goehner, Neb. J. A. Barr, York, Neb. W. J. Hildreth, Exeter, Neb. N. Hyatt, President, Neb.

Office of Nebraska State Hail Insurance Association. (MUTUAL)

Six reasons why every farmer should investigate the merits of the Nebraska State Hail Insurance Association of Fairfield, Neb., (formerly of Kearney) before insuring elsewhere: 1st. It is the only Hail Insurance company in the world that gives each member DELEGATE representation in the ELECTION OF OFFICERS and management of all business.

J. M. SANFORD, General Manager, Fairfield, Neb.

TINGLEY & BURKETT, Attorneys-at-Law, 1026 O St., Lincoln, Neb.

COLLECTIONS MADE AND MONEY REMITTED SAME DAY AS COLLECTED.

Advertisement for 'LADIES' and 'GENTS' hair and skin treatments, including 'ESPANO CAPILLURA' and 'BALM OF BEAUTY'.

Advertisement for 'RUPTURE' treatment, claiming to cure hernia and other ailments, with contact information for Dr. S. A. Mosher.

Advertisement for 'Sulpho-Saline' bath house and sanitarium, located at Corner 14th and M Streets, Lincoln, Neb.

Advertisement for 'SEA BATHING' at the BALT SWIMMING POOL, offering a refreshing experience with sea water.

Advertisement for 'Electric Motor' for sale, a five horse power motor in good condition.

Large advertisement for the 'Burlington Route' between St. Louis and Chicago, highlighting it as the 'BEST LINE' and offering dining car service.

Advertisement for 'GREAT ROCK ISLAND ROUTE' to Texas, featuring the 'Fixed Star' State and offering dining car service.

Advertisement for 'GREAT ROCK ISLAND ROUTE' to the East, offering dining car service and scenic views.

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