THE OMAHA SUNDAY BEE: APRIL 12, 1908.

Colorado Commissioner Calls for Square Deal.

PUBLICITY FOR INSURANCE

RITTENHOUSE'S STRONG ADDRESS of Colorado, many of which, with all due

Lincoln Life Underwriters Hold Notable Meeting and Set Ball **Rolling** for Insurance Laws.

any other state.

"From my viewpoint the most important

part of an insurance code is that defining

the supervisory authority of the depart-

ment. Unless the head of the department

is given sufficient authority to enforce

the laws and to examine into the condition

of insurance companies with the right to

make his finding public, he will be utterly

useless as a supervising official. If an in-

surance department is organized and con-

ducted simply to provide salaries for

political workers, without regard to its real

purpose, it makes little difference whether

insurance laws exist or not, because they

would not be properly enforced under such

At a meeting of the Lincoln life underwriters held at the Lincoln hotel on the evening of February 14, sentiment favorable to the strict state regulation of the insurfeatures of the practical side of it from ance business were applauded and full pubthe standpoint of one of the supervisors. licity in all insurance affairs was endorsed "In undertaking to supervise insurance as of advantage to the business as well as companies the work of our lawmakers may of the insuring public. The principal adbe divided into two parts: Laws providdress of the evening was made by E. E. ing the supervisory duties and powers of Rittenhouse, commissioner of insurance of the department, and laws applying directly Colorado, who took strong grounds for to the acts of the various classes of compublicity and strict state regulation. In both of these stands he was supported by the loudly expressed approval of the memby the statutes or the commissioners, nor bers of the association and also in numerthat, in our geal to protect the policy ous impromptu speeches which followed. holders, we should place any unnecessary It was called one of the best meetings restrictions upon the right of contract.

ever held by the local association. The govenor, the auditor and his deputies were present: also N. H. Weed, editor of the Life Insurance Independent, and a number of Lincoln guests. A dozen insurance men from Omaha came down, the entire company filling the ordinary of the hotel comfortably, John H. Mockett acted as toastmaster. After the principal paper he called out the members and guests one after another until the time was up, prefacing each call with a story that set the tables in a roar. The impromptu speakers were John Steel, H. N. Weed, H. H. Wilson, J. C. Senorest, Auditor Searle, Will Owen Jones, Deputy Auditor Pierce, H. T. Dobbins,

conditions. Governor Sheldon, Deputy Auditor H. L. "If, however, a really efficient and useful Cook, H. E. Aldrich and N. Z. Snell. Aldepartment is desired, every opportunity most without exception these speakers enshould be given the commissioner to do dorsed the paper. The state officers es- good work. He should be given authority necially welcomed its suggestions, and to suspend or revoke the licenses of inasked not only for more insurance law in surance companies, after a hearing for violations of the important laws, such acts Nebraska, but for the creation of an insurance department, independent of other executive offices. Mr. Rittenhouse received a unanimous vote of thanks for his paper, and a copy was asked for publication for the benefit of the people of Nebraska.

Mr. Rittenhouse's Address.

"There has never been a time when the life insurance protection offered by the American companies was as safe, sound and certain as it is today.

contributed "State supervision has very materially to this happy condition; it has provided a scientific system of reserves, making life contracts sure of payment when due. It has established a uniform system of public reports which are sent to all state insurance departments annually for the information of the public. It has provided standards of solvency for the different classes of companies which going wrong. with proper vigilance on the part of state insurance officials renders it next to impossible for an insurance management to laws. run a company into insolvency without discovery at a sufficiently early date to save the company and protect reserves of the policy holders. It has also contributed to the general education of the public upon

fidence in insurance-and the good work is still going on. Responsibility of the State.

insurance matters and thereby assisted in

building up and maintaining public con-

"In creating insurance corporations' the state assumes a very grave responsibility. These corporations do not create wealth, they simply collect the money of the people with the authority of the state-money

to dealing with the public than was renstance where a very respectable gentlemar dered the commissioner of insurance of at the head of a large insurance company Colorado by the members of this associa- deliberately padded the assets to the extion in the state during the last three tent of several hundred thousand dollars years. They were especially active and suc- by borrowing that amount from a bank cessful in assisting him in procuring the for a few days, covering the period when enactment of the present insurance laws the annual statement was made. Of course tina was a more technicality, and no commissioner would be justified in mention modesty, we regard as models. What the life underwriters did in Colorado to assist riar 12.

in a fight for decent and honest methods 'mere technicality.' I have in mind an in-

"I know of another instance of a com their commissioner and their lawmakers pany examined last year which deliberately to procure wise and just legislation can be charged off premiums as expired amountdone by the life underwriters of this or ng to an enormous sum of money for the tole purpose of releasing the reserves Enforcement of Supervisory Laws. thereon, wherewith to swell the surplus "State supervision' is a broad subject. which was getting very low. The fact was and while I am not aware of the particular mentioned in the report, but not condemned phase of the question in which you are or commented upon to any extent. Of most interested. I shall discuss briefly some course it was a 'mere technicality.'

"In another instance a company had exhausted its surplus and all but about 15 per cent of its capital was gone. The officers insisted that this was a more technical offense in which the public was in no way interested.

"In a recent case large interests were at stake and were being mismanaged and panies. I do not believe that the details abused. Trust funds were being handled of company management should be invaded as personal property; that is, with apparently no conception that they were trust funds. Speculators in control of millions of belonging to thousands of policy holders scattered throughout the country and helpless to protect themselves, jcopardized hundreds of thousands of dollars by handling it for their own purposes, to serve their own selfish ends. In addition to this, they had exhausted the surplus of the company, caten up the capital and used several hundred thousand dollars of the reserves in extravagant and incompetent management. This, too, was a 'mere technicality' from the standpoint of the gamblers, who were disturbed, and the commissioner, who gave the truth to the public, was roundly de sounced in big-paid advertisements in the daily newspapers as an irresponsible politician bent upon wrecking and destroying the company. You see it is not polite in high financial circles for commissioners to disturb the players in the thrifty game of risking and speculating with other people's money. But it seems that some commissioners are not only technical, but ut

terly ignorant of the proprieties in refined

to be subject to immediate review by the circles of high finance courts. I know many of my insurance "It is perhaps too much to expect that friends feel that this is an extreme and men whose misdeeds have ben exposed will dangerous power to place in the hands of feel friendly toward the official who has one man, who may use it arbitrarily and exposed them, but such attacks are among anjustly, but experience has demonstrated the penalties of holding public office, and that the insurance companies are not in no public officer with a normal skin will nearly so much danger from arbitrary and permit them to swerve him in the slightest unreasonable commissioners as the public degree from the straight line of duty. Someis from arbitrary and unreasonable officers where there must be a man with authority of corporations. This arbitrary power of to stand between this reckless and unruly the commissioner has no terrors for the element and te policy holders. The district insurance official who obeys the law and attorney or public prosecutor does not fill plays fair with the public, and such an the bill; he has too many things to attend official is never heard complaining of such to and no time to study insurance matters. powers. On the other hand, the club of 80 the people have elected that the insurrevocation and publicity which is now in ance commissioner is the man to execute the hands of the commissioners in some the insurance laws. The prosecution of states has prevented many violations of the criminal offenses must, of course, remain statute, and many good companies from with the public prosecutor,

Separate Insurance Departments. "It is not necessary in supervising in-"Every state should have an insurance surance companies to twist and distort the department entirely separate from any In interpretations the offender other department, with a commisioner apshould be given the benefit of the doubt. But at the same time, when the law says pointed by the governor, for a term of at that an insurance company shall or shall least four years. The work is altogether too technical and too important to be asnot do a thing, the commissioner should either enforce the command or resign. No signed to a bureau under some department man has any right to a public office who chief. The governor is the responsible will for any reason read 'may' where the head of the state, he is held accountable laws says 'shall.' When the law commands by the public for the success or failure that the commissioner 'shall' investigate of his administration. The heads of the

violations of the laws, or that he 'shall' various departments may come and go, but suspend or revoke a license, or that he the governor often holds office for many 'shall' do anything, however unpleasant or years. He is generally a big man who feels disagreeable it may be, he is in honor his responsibility and is anxious that his bound to do it. In fact he must do it or administration should make a good record. deliberately violate his oath of office, and At any rate he is in the lime



W. C. SUNDERLAND, President. M. F. FUNKHOUSER W. H. AHMANSON, Vice-Pres. and Sec'y. Ass't Secretary.

Nebraska Underwriters Insurance Company OMAHA

PROMPT AND PROGRESSIVE

to carry, many people differ. In choosing a company in which to place your insurance, the all important question is, HOW DO THEY PAY THEIR LOSSES?



CERTIFICATE OF PUBLICATION. CERTIFICATE OF POBLICATION. State of Nebraska, Office of Auditor of Public Accounts, Lincoln, February 1, 1908, It is hereby certified that the Kansas City Life Insurance company of Kansas City, in the state of Missouri, has com-plied with the insurance law of this state, pied with the insurance law of this state, applicable to such companies, and is there-fore authorized to continue the business of life insurance in this state for the current year ending January 31, 1999. Summary of the report for the year end-ing December 31, 1997: INCOME. Premiums 552 629 68 \$609,914.61 \$397,184.67 \$909,507.03 stock and other liabili-46,875,80-\$146,975,80

If he does that he should be separated from acts are constantly under public scrutiny. which they promise to return in cash benefits upon the occurrence of the event in- his salary and a man put on the job who If he is made directly responsible for the sured against, or at the maturity of the isn't afraid to perform the duties of the conduct of a commissioner and to approve contract. These events may occur at any time from one day to fifty or more years official, to inspire contempt for the law select a commissioner who will reflect credit from the date of the promise. Having than to fail to enforce it.

It is not enough that an insurance comclothed these various groups of men or companies with corporate power to solicit missioner should simply do what the law and accumulate these funds to hold and to compels him to do in enforcing the laws and combating wrong. He should do manage for the benefit of the contributors, it is clearly the duty of the state not only everything the law permits him to do in to see that such trust funds are held sacred guarding the interests of the people and the companies managed as to be able from those who prey upon them in the to meet these future obligations, but to name of insurance, and publicity is the see that these companies use honest and most powerful weapon he can use. fair methods in dealing with the public. Practical Publicity. "I adhere to the theory expressed in a

former address that while it is now al-

It is, therefore, not sufficient that insurance companies be solvent; they must be fair, just and law abiding. ways possible to reach the guilty with

While the vast majority of men who are the law, it is always possible to reach charged with the management of the varithe public with the truth. There is no ous departments of insurance companies, penalty provided by any state for the misand with soliciting insurance, are able, deeds of insurance corporations, or for honest and law respecting, there are among the officers, which in any degree apthem men who deliberately evade or violate proaches in effectiveness the penalty of the laws and who use the corporate powers publicity. granted them by the state to work various

"There is nothing that will more quickly forms and degrees of injustice and fraud bring a guilty company or officer back upon the people. to the straight and narrow path of busi-"As a result of state supervision and the

ness and official rectitude than to give general moral advancement which is conthe public a truthful statement of their stantly going on in this good old world. wanderings from that path. "State supervision was not intended the coarser and more flagrant abuges in

insurance have passed away and those that to be a system of secret inquiry and direcremain are of a more refined and cunning tion. Insurance departments were invariety, and, of course, more difficult to tended to be publicity bureaus, where the insuring public could learn not only of the suppress. The ingenuity and enterprise of financial condition of companies, but of those who in these days originate devices their methods and practices in dealing with and schemes to deceive and defraud the inthe public. The policy, so warmly comsuring public are really marvelous. The purposes of these smooth, smart gentlemen mended in certain quarters, of either filing away in the secret archives of the re so well disguised, their arguments and their schemes so enticing and plausible, ompanies or so wording them as to minithat it almost requires an expert to analyze mize or cover up the lawlessness or rasand expose them.

cality of insurance officials has no place "Fooling the public in insurance is not in a properly conducted insurance departas successful as it was at one time, but ment what remains of this profitable practice has surely been reduced to a science, and tention of the public the petty misdoings it is no easy matter to frame laws that will overcome it. The legislatures as a rule meet once in two years, while the smart chaps referred to are meeting every day prove unfaithful to their trusts, when a unior all over this broad land, and our lawmakcorporation ignores, evades or violates ers are, therefore, at least two years bethe laws of the state, the public is enhind them in the race. Nevertheless, the titled to know the facts. The fair-dealstruggle to overcome injustice and wrons ing, law-abiding competitor of such a comin the insurance world must continue. pany is also entitled to know about it. And There is every reason why the state should when these matters are officially made protect the weak from the unjust acts of public, the law of competition does the the strong. In creating insurance corpora- rest, the public learn all about it. tions the state furnishes them with the opportunity and the power to deceive and officer who has done wrong, the commisdefraud unintermed and credulous people, ioner who reports it to the public is guilty and I think we all agree that the state is of an attempt to injure the policy holders. trying to protect the weak, the confiding I have heard this theory expounded sevand the dull and stupid citizenz against eral times during the last three years. I considered by your lawgivers. the wiles and strategems of the artful and don't know how many times I have been cumning

Suppressing Improper Practices.

"Of course every good citizen is opposed to In other words, the way to suppress crime utes, and that justice demands that pubinjustice and wrong in the insurance busi- is to conceal it. What do you suppose the licity apply to the insurance department. ness elsewhere. But no citizen or class of law-breaking insurance officer cares about as well as to the insurance companies. citizens should be more anxious to elimi- a secret reprimand from a commissioner? Each should be prepared for the searchnate improper practices in insurance than He cares as much for such a rebuke as light at all times. the honorable and upright men who are en-raged in this business, who are obliged to form of a \$10 fine.

meet the competition of this dishonest element and to suffer personally by its operations, it is thereore, natural that your stand the light of day naturally oppose this good works of both should be made clear great association, representing as it does form of publicity, and condemin those com- to the public as well as their weaknesses. missioners who apply it. thousands of life insurance agents and solicitors, should take an exceptionally live Mere Technicalities.

"It is the especial delight of those who the achievements of their insurance de interest in any movement to secure effecare shown up by the department search-light to accuse the man who directs the their insurance companies. I sincarely tive laws and efficient state supervision I speak from experience when I say that light with magnifying trivial offenses and trust that the companies giving that kind the members of this association are esacting upon 'mere technicalities.' In fact, of protection will continue to thrive and pecially qualified to render valuable assistdoubt if any commissioner has over sus- prosper and that a just and proper share nees in procuring such laws and such support pended or revoked the license of a com-paryision. I doubt if any public servant pany whose action, from the point of view of this prosperity may fail upon the under-pany whose action, from the point of view writers, who are the builders of compa-of such company, was not based upon a niez." ance in procuring such laws and such su-

office. There is no surer way for a public his important acts, he will be anxious to upon his administration." Mr. Rittenhouse then told how public grievance can be adjusted by the department, how agents should be supervised,

> Drastic Laws Opposed. "While there are many things that ought

to be done to make perfect state supervision of insurance, there is also an equally interesting list of things which should not be done. Don't compel insurance companies to invest a portion of their funds in your state. If your state has good investments, insurance money will come without compulsion. Companies should be permitted to place their investments where they will bring the best results regardless of state

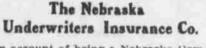
"Don't close the door to improvement in policy contracts by establishing an ironclad standard form. Equally good results can be accomplished by prohibiting undesirable clauses and requiring certain desirable provisions. Don't undertake to regulate by law the remuneration of agents or employes of insurance companies and don't try to limit the volume of business or the size of insurance companies. These drastic measures may be constitutional but they are un-American and unnecessary to correct abuses in insurance, Efficient supervision and systematic and fair publicity will overcome the difficulties which these drastic laws are designed to remove, department reports of examinations of and they will do it without the serious losa of insurance protection which has followed the ill-considered action of New York and Wisconsin.

"To go outside of the supervision list-It is manifestly improper and don't raise taxes. On the contrary, inasunnecessary to officially bring to the ats much as the taxes on premiums come from the pockets of the policyholders, they of insurance officials or trivial matters should be reduced to a reasonable point of mismanagement, but when an import- and if justice is to prevail they should be ant principle is involved, when officers made uniform throughout the states of the

Publicity Applied to Departments. "I do not belong to that fretful element of civic evangelists known as 'reformers. I have no propaganda to preach. Any suggestions I may have to make upon insurance questions outside of my official statements are offered only when they are asked for, but I will say in this instance "From the standpoint of an insurance if Nebraska contemplates enacting a new insurance code it would give me great pleasure and would. I believe, be to the lasting benefit of your people if the suggestions I have made could be favorably "It is to be hoped they will remember

told that the interests of the policy holders that legitimate publicity will take the place demanded that the matter be suppressed. of many pages of laboriously drawn stat-

the shortcomings of insurance departments "Men representing theurance companies and insurance managements and we should whose business or official acts will not all do our utmost to correct them; but the "For my part, I believe the American people have every reason to be proud of



pany, is enabled to reach its losses at the earliest possible moment and realizing that the assured needs the money as soon after loss as possible, nay all losses in cash without discount, immediately upon receipt of proofs.

justment of Losses

I Solicit Your Fire and

E. M. SEARLE, Jr. (Seal) Auditor of Public Acounts. **Tornado** Insurance JOHN L. PIERCE, Deputy.

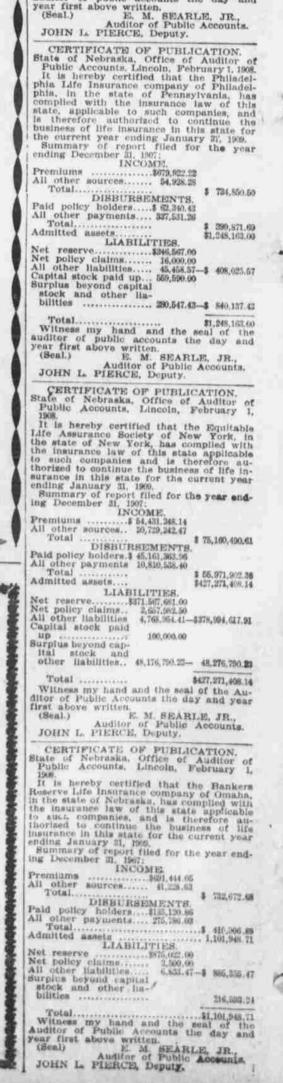
1909.

Witness my hand and the seal of the

Auditor of Public Accounts, the day and

year first above written.

ALFRED C. KENNEDY, Sole Agent 209 First National Bank Building. Telephone 722



and how fraternals should be regulated. He favored the strict supervision of the fraternals.