

**ILLEGAL**

**ARE "BOARD CONTRACTS."**

**SO RULES INSURANCE COMMISSIONER BELL ON THIS FORM OF SPECIAL LIFE POLICY.**

State Insurance Commissioner Chas. W. Bell in a written opinion issued Thursday holds that "board contracts" or special policies for life insurance are against public policy and contrary to the statute which prohibits any discrimination in premium rates. He has heard arguments on both sides of the question for several weeks and says the writing of such contracts must cease.

Board contracts provide that certain persons in various localities shall be grouped into "local boards" and given a rebate on their insurance premiums in the form of dividends, on the ground that it is payment to them for their influence and efforts in securing other business for the company. This has been a favorite plan with new insurance companies to secure a big lot of new business as rapidly as possible. His opinion in the matter is as follows:

**Commissioner Bell's Ruling.**

Insurance Department of Kentucky, Frankfort, April 16, 1908. To the Life Insurance Companies authorized to do business in Kentucky:

Shortly after assuming the duties of the office of Insurance Commissioner my attention was called to the alleged fact that certain insurance companies writing what are termed "Board Contracts," or "Special Contracts," or sometimes, "Advisory Board Contracts." This, it was alleged, was in violation of the law and contrary to the ruling of former Insurance Commissioner Henry R. Prewitt, in which he said:

"In my opinion the issue of these contracts is a clear violation of the anti-rebate laws of this State."

Those so-called Special Contracts, while varying very greatly, are, in substance, as follows: The scheme consists of inducing a certain number of people to insure by means of making themselves members of a board or club of persons who have done likewise, and to whom, in the aggregate, is to be given some special advantage in proportion to the business done, insurance in force, or premiums collected by the company everywhere or within a specified territory. Once filled, the board is not to be enlarged, nor vacancy caused by death or lapse to be filled, so that great hopes of fabulous gains, because of diminished numbers, are held out. These contracts are of such a questionable nature that many of the States have legislated against them, and in still many other States, where there is no special legislation referring to them, the Insurance Commissioners have ruled against them and have refused to admit companies that issue them.

Passing by for the present the ethical objections to such contracts, I find upon examination of the insurance laws of Kentucky, that they are plainly forbidden by Section 656, Kentucky Statutes, which is as follows:

"No life insurance company doing business in Kentucky shall make or permit any distinction or discrimination in favor of individuals between insureds of the same class and equal expectation of life in the amount or payment of premiums or rates charged for the policies of life or endowment insurance, or in the dividends or other benefit payable thereon, or in any other of the terms and conditions of the contracts it makes; nor shall any such company or any agent thereof make any contract of insurance or agreement as to such contract other than is plainly expressed in the policy issued thereon; nor shall any such company or agent pay or allow, or offer to pay or allow, as inducement to insurance, any rebate of premium payable on the policy, or any special favor or advantage in the dividends or other benefit to accrue thereon, or any valuable consideration or inducement whatever not specified in the policy contract of insurance. Every company, or officer, or agent thereof, who shall violate the provisions of this section, shall be fined in any sum not exceeding five hundred dollars, to be recovered by action in the name of the Commonwealth, and, on collection, paid into the State Treasury."

Feeling that the decision of this department must necessarily be of far-reaching and momentous consequence, before arriving at the conclusion stated above, I gave both sides of this controversy ample time to be heard both in person and by attorney, and I have exercised the greatest diligence in the study of the subject and the utmost precaution in the preparation of this decision.

The learned counsel for one of the companies issuing this kind of policy, argued most adroitly that the com-

pany which he represented does not violate Section 656, because it offers this contract to everybody; that where each one has an opportunity to purchase this kind of insurance, he can not claim that he is discriminated against, if he refuses to enter into this contract. But I take the broad ground that it is not a question as to what the agents of the company may offer but the question hinges upon what the company itself actually issues. That the Special Contract is a discrimination I have not the least doubt. The section of the Kentucky Statutes quoted above says, "that no company shall make or permit any distinction or discrimination in favor of individuals between insureds of the same class and equal expectation of life," etc.

No one will deny that these Special Contracts do hold out hopes of great gain and that these gains can be gotten only from those persons holding policies with the company, who have not procured this Special Contract. I will go further and say that even the holders of these Special Contracts, although of the same class and equal expectation of life, if they chance to be in different series, can not be sure of procuring the same gains even though they render equal service, for it is a physical impossibility for a company to procure and hold on its books the same amount of insurance from which these gains must accrue.

If, as stated above, a company by simple offering the Special Contract to all applicants for insurance, can claim to be exempt from the provisions of the law as set forth in Section 656, then arguing by analogy, the company could issue any sort of a discriminating policy and evade the law merely offering it to prospective purchasers. In short, it would appear that the legality of the contract would depend upon its being offered alike to all persons applying for insurance, rather than upon the terms and provisions contained therein. That the law does not contemplate such a construction is not for a moment to be doubted. It was further claimed by the attorney for the company referred to above, that in as much as the holder of this Special Contract might be called upon to give advice or information to the company, that he would be entitled to special remuneration for same, but I fail to see the justice of crediting a policyholder of Kentucky for his alleged services to the company, with money secured from a policyholder in Texas, or some other State, and vice versa. Therefore, in conclusion I desire to state that I believe any and all forms of Special Contracts are illegal and against public policy, and I shall use all the powers of this department to prevent the further violation of the law as I see it.

Section 744 is as follows: "There is hereby established, in connection with the Auditor of Public Accounts, a department to be designated as the Insurance Department, which shall be charged with the enforcement of the laws hereafter passed or which may hereafter be passed relating to insurance."

Section 754 reads as follows: "When in his opinion an officer or an agent of an insurance company has violated any law in this State relative to such company, the Commissioner shall herewith report the facts with the testimony reduced to writing and signed by witnesses upon which his opinion is founded, to the Attorney General, whose duty it shall be, to, at once, if he deem it proper, prosecute such company, officer or agent therefor."

Section 753 defines the powers of the Commissioner as to revocation of certificates of authority of both foreign and domestic companies.

The law as quoted above leaves no doubt in my mind as to the duties and powers of the Insurance Commissioner. If the Commissioner transcends his authority, there is always quick and easy remedy at law, but if he, for any reason, fails or refuses, to do his whole duty, paradoxical as the proposition may seem, there is practically no remedy and the policyholder is without protection. Therefore, I shall strive, at all times, to so conduct this department that the best interests of the policyholders will be subserved.

C. W. BELL, Insurance Commissioner.

**CHURCH NOTICE.**

Services will be held in the First Presbyterian church Sunday, April 19, as follows: 9:45 a. m., Sunday-school in the Lecture room; 10 a. m., Brotherhood Bible Class in the church, subject "Sampson, the Man of Strength and Weakness," Mr. Pruett Graham, leader; 11 a. m., morning worship with sermon by the pastor, subject, "Christ, the First Priest;" 6:45 p. m., Young People's League, a service of praise, leaders, the Misses Posey and Edelen; 7:30 p. m., evening worship with sermon by the pastor, subject, "They that are Christ's at His Coming." The choir will render special Easter music at the morning and evening services. You will be welcome at each service.

**CIRCUS**

**COMING TO FRANKFORT.**

**JOHN ROBINSON'S TEN COMBINED SHOWS TO EXHIBIT HERE WEDNESDAY, MAY 6.**

The modern circus is about it nothing debasing and has always held physical and mental esteem; its heroes are those who have done something noble. Especially is courage, and display of leadership on the battlefield, held in the highest esteem. The military hero stands highest on popular roll of fame. Physical prowess delights the average man; and in the athletic exhibitions of the circus, the racing, the display of consummate horsemanship, and so on, which are the leading features of a circus exhibition, nearly every one, young and old, takes pleasure—and a pleasure that is most certainly innocent.

Within the past half-century or so, the circus in America has moved to a much higher plane than it ever before occupied. The exhibitions are unobjectionable on the score of morality; the comfort and convenience of spectators are carefully conserved; there is no more fear of meeting insult or disagreeable incidents than there is in attending a lecture or a theatrical per-

formance. As a result, the old-time prejudice against a circus as a proper amusement for all classes, ages and sexes is rapidly disappearing. The love of diversion and harmless amusement for all classes, ages and sexes is inborn in man. To forbid them is to turn counter to human nature. The Creator would not have implanted this desire for amusement in mankind were it detrimental.

**KNIGHTS TEMPLAR**

Elect Officers for the coming Year Thursday

Generalissimo—Geo. W. Hutchinson. Captain General—George L. Barnes. Senior Warden—J. Frank Harcourt. Junior Warden—Guy Barrett. Prelate—George A. Lewis. Recorder—M. P. Brown. Treasurer—Frank G. Stagg. Standard Bearer—Gus D. Lillard. Sword Bearer—C. Steele Reading. Warden—John P. Selbert. Sentinel—Gustave Shaefer.



**Weitzel's Easter Week Specials...**

**WASH GOODS DEPARTMENT.**

Two hundred pieces of wash goods, all new styles, 8 1-3, 10, 15, 20, 25 to 35 cents per yard.

Beautiful Line White Goods for Commencement Dresses in Silk, Muslin, Persian Lawn, Chiffonet, French Linen, Paris Muslin, Air Line, India Linen, Batiste, &c., popular prices.

New Silk and Wool Dress Goods, 25, 50, 75 and \$1.00 per yard. This is Souvenir Week at our store. With a purchase of 25 cents or over we give a beautiful picture free.

Gordon Dye Hosiery, the best. Great values in Ladies', Misses' and Children's Hosiery. 10, 15, 25, 35 and 50 cents.

**Brush Up a Little It Pays**



**The Manitorium**

MAIN STREET, OPPOSITE ENGINE HOUSE

**Cleaning, Pressing and Repairing**

JOIN OUR PRESSING CLUB, IT PAYS

**JAP-A-LAC**  
REGISTERED TRADE MARK  
"WEARS LIKE IRON"

While around the fireside these winter evening make your preparations for spring painting, papering and house cleaning generally. I carry the celebrated Green Seal Paint (used here for twelve years) and the famous Jap-a-lac. Am also agent for Alfred Peat's Prize Wall Papers. The 1908 sample books which I now have and would be pleased to send to your home. A postal or call over phone will bring them.



**FRANK G. STAGG**

Hardware, Paints, Oils, Glass.

210 ANN STREET

**There Is a Greater Demand**

—FOR—

**High Grade Vehicles**

Than ever before. The public have at last come to the conclusion that a CHEAP vehicle is DEAR at any price. Our work is strictly hand-made, and is sold under a guarantee that means something. If you want a vehicle that is first-class, and will give perfect satisfaction, drop us a card, and we will call to see you. We know we can suit you in both quality and price. All we ask is an opportunity to discuss the matter with you.

**Seller Carriage Co.,**

Incorporated

**VERSAILLES, KY.**

H. K. WARD, President. C. M. BROWNING, Sec. and Treas.

**Perkins Transfer Co.**

**All Kinds of Hauling, Moving Household Goods, Freight, Baggage, &c.**

PRINCIPAL OFFICE

**L. & N. FREIGHT DEPOT**

**Classified Advertising**

All advertisements in these columns are five cents per line for each insertion and to be paid for strictly in advance.

**FOR SALE.**—We have a first-class 1-horse power Water Motor that we will sell at a low figure. Apply at this office

**WANTED.**—A first-class, all round job printer, one that can make good. Good wages and a permanent place for the right man.

**FOR SALE CHEAP.**—We have a 22-inch Paper Cutter, in perfect condition, that we will sell very cheap. Address this office

**FOUND.**—A man that didn't believe in advertising, and we noticed the spiders and woven web over his door. A hint to the wise should be sufficient.

**FOR SALE.**—Printing and binding that is different from the other fellows.

**LOST.**—The public is hereby notified that I have lost two certificates of stock in the Farmers' Bank of Frankfort, Ky., one No. 7888 for ten shares and one No. 8122 for ten shares, making a total of twenty shares.

**FOR EXCHANGE.**—Printing of all kinds for either gold, currency or silver.

I have made diligent search, but I have been unable to find them, and I hereby call upon all persons to show cause why new certificates for this stock shall not be issued.

MRS. L. F. SHROPSHIRE, Lexington, Ky.

**For Sale.**—A handsome two-story frame residence of eight rooms, with attic over entire house. This house is superbly built and finished, and has all the latest modern improvements. For terms call at this office.

**Lost.**—Gold belt buckle with raised silver flower. Finder will please return to this office and receive reward.

**For Rent.**—Desirable two-story frame house, 8 rooms and bath, all modern conveniences. Stable in rear of yard. Situated on Campbell street, near Capitol avenue. Apply at this office for particulars.

**FOR SALE.**—Eight Plymouth Rock hens and one rooster, one year old, and best blood. They are of the Harry Clubb strain. Also five Black Orpington cockrels, of best breeding. Will sell cheap, as I lack room.

**MONEY.**—May double within a year. We offer you a proposition that you can not turn down. If you have any money to invest, investigate this. It is safe, sound and legitimate.

I have both Plymouth Rock and Black Orpington eggs. Rocks, \$1.50 and Orpingtons \$2.50 per fifteen.

B. C. CRUTCHER, Agt., R. F. D. 1, Midway, Ky.

T. F. TALIAFERRO, Shelby St., Frankfort, Kentucky. Old Phone, 453.

**For Sale.**—Rhode Island Red eggs for setting. Address this office.