

Unlisted commercial stock traded during the month included: 12 shares Atlantic Gulf and Pacific Co. at P350; 38 shares Batangas Transportation Co. at P220; 260 shares Jai Alai Corporation at P17 and P16, closing at P16; 1,000 shares Manila Jockey Club at P2.05; 200 shares Philippine American Drug Co. (Botica Boie) at P133; 50 shares Philippine Trust Co. at P70; and 505 shares Victorias Milling Co. at P135 dividend.

Credit

By W. J. NICHOLS

Treasurer, General Electric (P.I.) Inc.

LAST month we commented on the unnecessary use of collectors for picking up checks that could easily be sent through the mails. We have been discussing the matter with several of our associates in other businesses, and everyone seems to be in agreement that the whole system of presenting bills for payment and effecting collections in the Philippines is outmoded and should be modernized.

The present system, aside from being inefficient and expensive, is wide open to abuses. It is frequently used as a device for delaying payment as long as possible. Collectors are often required to make several calls at one location before finally obtaining settlement of an account. The usual excuse is that the invoices are being checked or the cashier is out at the moment.

Some business firms, for reasons best known to themselves, prefer not to maintain bank accounts but to make all payments in cash. However we see no reason why such establishments should not be required to deliver payments when they become due rather than to wait until a collector calls.

We believe there are several steps which might be effective in reducing the necessity for collectors. A great deal would be accomplished if each manager reviewed the routines in effect in his own office to determine whether the methods of auditing and paying invoices are efficient. The granting of discounts for payments made before due dates, is another device which might be helpful. This practice is rather widespread in the United States but is used relatively little in the Philippines. The sending of notices to customers and vendors to the effect that all payments are to be made by mail, should also serve to reduce the need for collectors.

The Association of Credit Men, Inc. (P.I.) has recently recognized the need to revamp our old-fashioned collection methods and it is hoped that in the near future a campaign will be undertaken to solve the problem.

Insurance

OPEN LETTER to

Members of the Senate and Congress,
The Mayor and People of Manila

Dear Sirs:—During this year several bills have been submitted to Congress affecting insurance companies—some were very rightly disregarded, but the arguments against others were not so obvious and therefore received consideration. However, the fact that such bills were drafted points to a lack of understanding of the principles of insurance, and therefore companies transacting this class of business feel

that these principles should be presented to the public to prevent legislation which would ultimately react to their detriment.

The whole function of insurance is to "distribute the losses of a few over many," and for this purpose the companies act as trustees for their policy holders. It follows therefore that any legislation which is discriminatory against insurance companies, reacts on the policy holders, and therefore in voicing our protest, we are endeavoring to protect the interest of the insuring public.

The matter of immediate interest is House Bill No. 1350, which was passed by Congress and became Republic Act No. 280, without any opportunity being given for insurance companies or the insuring public to present their case. By this Act the Municipal Board of Manila is empowered to pass an ordinance whereby fire insurance companies will pay to the City a tax of $\frac{1}{2}\%$ on premiums derived from policies issued on properties situated in Manila, for the purpose of providing equipment and upkeep of the Manila Fire Department: it will be seen therefore that it is suggested that the "protection of the many should be paid for by the few" whereas in actual fact the uninsured are more interested in fire protection.

The proposed ordinance has received consideration and has been approved in principle by the Municipal Board, but we trust that we will be given a hearing before the ordinance is passed. For this purpose the following Memorandum of Protest has been drafted:—

(1) The Manila City Fire Department operates for the benefit of all residents in Manila, and therefore the entire upkeep of this Department should be borne through taxation by the whole community. There is no justification for the view that part of the cost of the Fire Department service should be met by a contribution from the insurance companies.

(2) The cost of such a contribution, as proposed in the Act, would necessarily fall on the insuring public and would then lead to a position whereby a service which is available to all is subsidised by one section of the community which is prudent enough to insure, and not by the other and less prudent section which does not insure—a position which is clearly indefensible.

(3) Insurance companies are at present paying a Premium Tax of 1% to 3%. A Stamp Tax of 1- $\frac{1}{2}\%$, paid by the insured, is also levied on all policies of insurance. In effect therefore the present proposed tax of $\frac{1}{2}\%$ would result in an addition to direct taxes already borne by the insuring public and insurance companies. We respectfully submit that in our opinion the present taxes should be more than sufficient to provide funds for the equipment and upkeep of the Manila Fire Department.

(4) We submit that were this ordinance to be enforced it would be discriminatory against fire insurance companies, in corroboration of which argument we quote the following extract from a report by a Royal Commission on Fire Brigades:—

"So far as any question of principle is concerned there appears to be no more reason for the Fire Department of an Insurance company to subsidize Fire Brigades than for the Marine Department of subsidize light houses or the Burglary Department to subsidize the police."

To illustrate the injustice which such a tax would have on the insuring public we quote the following figures from the Manila Fire Department's latest report:—

	FIRE LOSSES ON AUTO-TRUCKS, BUILDINGS, AND CONTENTS			Total
	Auto-Trucks	Buildings	Contents	
1. Value of Property Involved ...	P373,150.00	P14,172,078.00	P18,449,791.79	P22,994,931.79
2. Value of Insurance thereon ...	111,000.00	5,511,260.00	4,715,500.00	10,338,860.00

from which it is reasonable to assume that approximately one-third of the property in Manila is insured, and yet it is suggested that prudent owners thereof