

# MAINE STATE LEGISLATURE

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JOINT SPECIAL LEGISLATIVE INVESTIGATING COMMITTEE

Testimony of Charles Lovejoy.

Re: Insurance Department

Augusta, Wednesday, Dec. 12, 1940. Counsel: Donald W. Webber  
Hubert Ryan

Wednesday, Dec. 12, 1940.

CHARLES LOVEJOY recalled and testified as follows:

(By Mr. Donald W. Webber)

Q. Mr. Lovejoy, I show you copy of a letter under date of November 9th., which has been read into the record, and ask you if that is a copy, as you recall it, of a letter which you did write?

A. It is.

Q. Now will you tell us in your own words the circumstances leading up to the writing of that letter, and, for the purposes of the record, I will say that is the letter in which the Zurich Company was instructed as to how the commissions should be broken down and paid.

A. Well, I have got to go back a little bit. Is it all right to do that, so as to give the whole picture as nearly as I can from memory?

Q. Yes.

A. The renewal date of the State's fleet liability, as I recall it now, is August 30th. The Indemnity Insurance Company of North America had the line last year and had an adverse experience. They were willing to write it again this year and quoted rates for it. At or about, I should say perhaps three or four days before the expiration date of the policy, Mr. Jontberg came to me, as he was then unemployed, and said that he wondered if the Zurich Accident Company could have an opportunity to bid on the State's fleet. It was always the policy, I believe, prior to my being there, and

I know it was during the time I was Commissioner, to accept any bids and see after they were received and reviewed as to whether or not they were to the benefit of the State. He said that if it would be agreeable he would like to get the figures and submit them.

Now in explanation I might say that since I have been there, and I believe prior thereto, we always did business direct with the company. That did away with the possibility of embarrassment to an agent, because he might be interested commissionwise. It was a straight proposition from the company, the agent then being designated after it was all over, so that it would not in any way affect the placing of the cover.

At or about August 30th., it happened within a day or two, I cannot recall exactly -- Mr. Jortberg came into the office and submitted these figures. They were exactly the same, due to the fact he had a copy of the policy of the previous company, for the rate per car owned by the State. I think they were identical, as I recall them, all the way through, the limits and everything else. The only difference was in the rate on hired cars, and that meant a saving to the State, just the amount I cannot recall, but it was a reasonable amount of saving based on what we would anticipate for the amount of hired cars, that is by the State Highway Department. So there was no question but what, as far as I was concerned and as far as the Governor and Council were concerned, I should say -- I took it up with them simply from the ~~standpoint~~

that here are two proposals, one is less than the other, the indemnity of both are good, that is the guarantee of the company is good, and is there any question as to where it should go? Therefore, everything went to the one which produced the lowest cost, which was the Zurich. At that time I am not sure, but I do not think that Mr. Jortberg was an agent of the company; I do not think he was an agent of any company, because his licenses had been cancelled when he was working for the State as secretary of the Safety Coordinating Committee. (Off record)

He acted simply as an intermediary in the transmission of the figures from Concord to Augusta, with the hope and expectation of being employed by the company in the capacity of a sort of safety agent to service the risk. The premium, as I recall it, is around \$18,000 gross, including the hired cars, which would mean that they could afford a reasonable amount of servicing as far as safety engineering work was concerned, and he was familiar with the State fleet and safety conditions and so forth, due to the fact he had acquited that as a State employee. My assumption was and still is that we were dealing direct with the company, because we had always done that, and, as I say, I believed then and do now that he was simply acting as an intermediary with the hope in mind that he would be employed.

Going back of that a little bit, I do not want to be confusing in what I say, but when he was out of employment I had written a letter to Mr. Pilling, who

was United States manager of that company, knowing they were interested in safety work, and suggested that if they were in need of a man he would be somebody they could well consider. So that probably, together with knowing the fleet expired, was perhaps the reason he thought of the Zurich. It was sometime after that, of course, that the gross amount of commission could be determined, which was set at the same rate that the previous company had, namely five per cent, which is the minimum amount on any of these sizeable fleets. That is five per cent of the gross premium.

The practice has been since I have been here, and I understand it was the same before, to have an agent or agents designated to receive that commission. It was not material in the placing of the business, because it was done direct with the company. They were perfectly willing, always have been in any case, to designate an agent or agents. The Insurance Department has simply acted as an intermediary from the standpoint that they were the contact with the company in these connections, recommending policy forms, working to get the rates as low as possible and the coverage. Designation of agents or where the commission might go, or anything along that sort was never at any time a concern of the Insurance Commissioner, not while I was in the office.

Q. (By Mr. Webber) Well now, in the letter which you wrote you referred to the fact that you had received advice from the Governor and Council that they

wished so and so, and in saying that you refer to a pencil memorandum which had come to you from Governor Barrows? Is that right?

A. Yes.

Q. Now how did that happen to be done?

A. You mean how did the memorandum happen to come down?

Q. Did you go to him and ask him who he wanted to have this commission?

A. No; I didn't see the Governor personally. Mr. Weston came into the office to find out what the amount of the commission was and said that the company should be notified as to who it should be placed with, and if I would give him the figures he would transmit them to the Governor so that the designation could be made.

Q. Now the order to bind the insurance was given through Mr. Jortberg, was it not, and he bound it October 31st?

A. Well, the order was given through him in this way, Mr. Webber. I neglected to mention this particular thing: While he was in the office talking about the risk with Mr. Weston and myself, the question of cost had been determined, the bid had been furnished, and, as I recall it, in letter form, and it was all specified. The question then came up -- I think I asked this: "Where do you fit in this picture? Who is going to service the risk from the standpoint of safety work and all that sort of thing?" And he said, "Well, I think it is going to be me. I have assurance from the company I will be the one that will do it." Well, I asked this question. I said, "If you think that is what is going to happen, why

don't you determine whether or not that is going to happen, so that we will know. In order to do that, why don't you call the Concord office here and now, and we will have the whole thing cleaned up." And he used the Insurance Department telephone to call the Concord office. Now he did, it is true, transmit that message with me sitting about two feet from the phone to the Concord office. I could have just as well said to Mr. Gregg, who was their manager, that the State had decided to place this. But he said, "The State has decided to place this, and do I understand I am to be in the picture?" Technically he did it, because he was the one that talked over the phone.

Q. Was the policy delivered while you were still there as Commissioner?

A. Oh yes.

Q. He did sign the policy as agent?

A. As a countersigning agent, yes.

In amplification of that, Mr. Webber, Mr. Tozier signed the policy a year ago as a representative of the company, a salaried representative, and is not paid any commission anyway, so it is not unusual to have that happen.

CHAIRMAN TOMPKINS: As a representative of what company?

A. The Indemnity Insurance Company of North America, which was the one prior to this. That is not unusual. The countersigning agent is not necessarily the one that receives the commission.



Q. (By Mr. Webber) Well, it comes right down to this, doesn't it: That Mr. Brooks Brown was selected by the Governor to receive the lion's share of this commission on a basis of friendship and political patronage where Mr. Brown had had no part in the transaction whatsoever. That is a true statement, is it not?

A. I don't know. I didn't talk with the Governor, but the assumption would be that, yes.

Q. And that was part of a practice or custom which, so far as you know, has gone on for a long time on all this casualty and liability business?

A. That is right.

Q. Whereas the fire business is split eight ways amongst the Governor and the seven councillors?

A. That is right.

Q. But this was a unique situation in that you always dealt before directly with the company, and here you are dealing with Mr. Jortberg, you believing that he was an intermediary, he claiming that he was an agent?

A. We believing that he was a representative of the company, a company representative. Yes, that is right.

Q. Mr. Llavejoy, Mr. Ryan reports to me that the records in the Insurance Department, the card shows Mr. Jortberg's license as of the year ending July 1, 1941. What does that mean?

A. That means that the normal date of the license is June 30 to July 1st. Now the date of issuance of this particular license, I do not think he was licensed for anything else, because I believe the other was cancelled -- that is supposed to be cancelled at his own

request, because where he was a State employee and pretty close to insurance matters he wasn't supposed to be an agent at that time, and I was definitely under the impression that his licenses had been cancelled.

Q. Well, does the fact that the card says, "Year ending July 1, 1941" --

A. Every license expires then.

(Off record)

Q. Now to follow out the practical ramifications of the continuance of a custom and practice like this -- this is what we are interested in -- is this true, that under this profit-sharing agreement in the Zurich policy there could, on a favorable experience, be at the end of the year a return of premium?

A. That is right.

Q. Which in turn would result in a return commission?

A. No.

Q. You wont agree to that?

A. No. As I understand it, the commission and expense loading, of which the commission is a part, is not modified by this agreement. The return to the assured is based on a permissible loss ratio. I think it is 55 or 60 per cent. It is in one of the endorsements; it would not be in the contract itself. It says: "Agreed, that if the total incurred losses" -- that means losses that have happened whether paid or not -- "under the policy is less than 62-1/2 per cent of the actual earned

premium under the policy, the company will pay to the named insured fifty per cent of the difference between the total incurred loss under the policy and 62-1/2 per cent of the actual earned premium under the policy." (Off record)

CHAIRMAN TOMPKINS: In case there is a return premium, would not the general agent or the agent effecting the insurance be required by his company to make a percentage return on the commission to the company?

A. No; that is not figured in at all, because it would not be workable from the standpoint of your expense loading. It is all figured on the basis of losses. You have got the cost of handling of the business, and that is the same whether you get a return premium or not. All the expenses are exactly the same. Now this permits the State to share in that portion of the premium dollar which is set aside for losses, and would not affect the expense loading at all. I know I argued that point with the Indemnity Insurance Company of North America when we placed the policy a little over a year ago. They had this same argument, and evidently carried through in this policy, and I guess it is reasonable it should be that way.

Q. (By Mr. Webber) Now Mr. Lovejoy, we appreciate you took a custom which came from your superiors and followed out instructions, but you are apart from this thing now and away from the State of Maine, and you should be able to speak very freely.

Do you approve of the continuation of a policy of

passing out commissions to favored individuals who do not even know of the existence of the contract for which they receive commission?

A. Before I answer that, may I add something else which bears on this very directly?

After the policy was placed with the Zurich, Mr. Jortberg either went to Concord or saw Mr. Gregg, their manager, had correspondence or a telephone conversation, had a contact, I don't know as I knew just what it was; I think he went to Concord. And he found his income from the insurance was not to be on the basis he originally supposed it was going to be. In other words, the company, in setting up their proposal to him, contemplated that he was to get a commission on the policy. Therefore, any commission that he did not get would be deducted from the gross amount which he thought he was going to get. You see what I mean?

Q. We understand perfectly.

A. I knew nothing, of course, about what his plan was. I assumed he was to be on a salary. That is what my assumption was when he originally talked with me about it. And then he came into the office and he said -- I cannot recall just how he expressed it, but he said that he was in an embarrassing situation as far as he himself was concerned, that this thing did exist, and he explained just what I have explained to you, that the company contemplated a different handling of this matter than he originally supposed, therefore any commission out of the total he didn't get would be

deducted from his income. Well, I then told him, I said: "We did not talk commission when you were in here. You knew how that was always handled." "Yes", he says, "there is no question about that. I do not want to be embarrassing to anybody, but the fact remains that such portion of this commission I do not get that is not allotted to me is going to come out of the gross amount I am going to have to live on." I said very frankly, "That is a darned shame, but there is nothing I can do about it. You know from having been here a year ago my position in connection with commissions on these policies. I have taken no position in it, nor can I at this time. I am truly sorry, but that is where it has got to end."

So very definitely at that time or right after that he knew he had not originally talked this matter from the standpoint of commissions. He knew the custom of distribution of commissions and expressed again to me in the office, but with the plea that if he didn't get this it was coming out of his income. That perhaps is somewhat clarifying in connection with this whole thing.

Q. Now was word of that sent up to the Governor, that it was going to come out of Mr. Jortberg's pocket?

A. I am under the impression that Mr. Weston communicated that to the Governor. I cannot say at this time because I am not sure, but I am under that impression.

Q. Did you know that after you left the Governor write a letter to the Zurich on the same subject?

A. Somebody mentioned it to me, but I never saw it, and

I do not know what it was.

Q. Well, you might like to look at this copy. (Presenting letter)

Now without perhaps knowing, it would be your impression that the Governor wrote that letter after knowing that this allocation which he was insisting on was coming out of Mr. Jortberg's pocket?

A. Well, I wouldn't be able to say whether he did or not, Mr. Webber, because I don't know. It would be purely a supposition on my part.

Q. That is, you gathered from your conversation with Mr. Weston that the information was conveyed to him? That is as much as you know about it?

A. Yes.

Q. I repeat my original question --

A. Pardon me for not answering.

Q. I know you got off on something else. But do you approve of the continuation of a practice like this from the point of view of running our insurance department?

A. I do not believe it has any effect, Mr. Webber, on the Insurance Department as such. I do not think it is anything any more than is done in most states. I am not familiar with how they handle all of their insurance affairs, but I do know that our set-up of handling the distribution of commission as to fire insurance has been favorably remarked on. The handling of the other is not any different than perhaps the Central Maine. They have many locations throughout the

State, and they designate an agent in Lewiston and one in Brunswick and one in some of the other towns to receive part of the commission, either as reinsurance or to be paid direct by check. They may never participate in the handling of the policy itself, but simply as a matter, if you will, of patronage or favor, whatever you have a mind to call it. It is not unusual in the business.

CHAIRMAN TOMPKINS: That is a private business and not a public business.

A. That is right. But I speak of that to show it is done in private business. I think we as individuals may have one or more agents in a town and we as individuals divide up our insurance money -- I mean one agent may get part of it and another agent may get part of it, orx some people give it to various agencies. It is not unusual in towns to have one agency prepare all the forms, give all information for writing the policy, and, in many instances, almost procure the policy, do everything except have it countersigned, and then the various agents in the towns participate in the commissions. It is not unusual to have one central policy and have the commission designated to various individuals, because of some desire to favor one over another or to favor a group. So when you ask that question, I think it has got to be qualified. This is not a practice which is at all unusual; it is a question of what you might prefer to do, and what you might want to continue to do.

MR. VARNEY: Is that the same practice carried out in the fire insurance in the State?

A. In the fire insurance the policies are written by eight key agents. Those eight key agents are designated, one by each one of the councillors and one by the Governor, and they write one-eighth of the total business expiring that year, which would be one-twentyfourth of the total, because it is a three-year business. Then the amount of insurance each one of these key agents has is divided into anywhere from 50 to 100 or 125 divisions to various agents in that councillor district or in the district at large.

Q. Now do those various agents, among whom it is divided, as you say, have anything to do with the preparation of the policies?

A. Just this. There is a little form, it probably isn't six inches long, just a reinsurance form, very simply worded, and that is pasted onto the policy form itself and goes through to the reinsuring company. It does not cost the agent in time, effort or anything else, as far as that is concerned, ten cents.

Q. Well, aren't there many of these agents that do not even have to put that form on but simply receive a check for their share of the premium?

A. I think that is done in some instances, -- somebody has told me of it being done, and there is no reason why it could not be -- if the agent receiving the check was willing, rather than to have it as reinsurance for his company, he is entitled to receive the check, if



that is the way they want to handle it. So it might be done, as you say, exactly the same as this was done here.

I do not think I could give you, Mr. Webber, any better picture of that than I have. It is not a yes or no proposition. Generally it has been done, and certainly in a political organization I should not say it would be unusual or unreasonable, and it is done in practically every State, as I understand it, in the United States.

MR. WEBBER: Frankly, it impresses me exactly this way: Perhaps my analogy is not true, but it seems the same as if I tried a case and were successful and when I got through my client says, "I am going to send the check to Mr. Dow of Norway, because we think a lot of him." What is the difference?

A. There is a lot of difference. You are getting away from the primary principle. I do not want to be arguing with you. Getting back to what I originally said, that we did business with the company direct. Now as far as all this State insurance that Mr. Varney spoke about, that is handled by one central source so far as all primary detail is concerned, the preparation of the forms and all that sort of thing is handled in that manner. These are then sent out to these various fellows with instructions what to do. Technically, yes, they complete the policy, but it is as simple a proposition as anything could be. As far as earning the commission, as Mr. Webber says in regard to trying a case, they do not do it.

In this casualty business we have done business direct with the company, made arrangements with the company. The company in this instance drew up the policy. I do not think Mr. Jortberg did anything on it except perhaps offer a few suggestions from his knowledge, in hopes he would get the job of servicing; but the company, I am perfectly certain, did all the typing and preparation.

Q. But didn't Mr. Jortberg and the general agent, Mr. Dunlap, go back and forth and deal with the company in order to secure this very advantageous rate? Isn't that where they put in their time and effort?

A. If you consider a trip from here to Concord and back -- they certainly did not go back and forth.

Q. Mr. Brown didn't even know there was such a thing going on, did he?

A. No question about it.

CHAIRMAN TOMPKINS: Didn't Mr. Jortberg make a list of the State cars he was insuring?

A. I assume as a company employee.

Q. Well, didn't he make a list of them?

A. Yes, I think he did, for the company.

MR. VARNEY: Well, if Mr. Jortberg didn't do anything more than Mr. Brown as an agent, is there any reason why either one of them should have a five per cent commission?

A. No; I don't know as there is.

Q. (By Mr. Webber) Can you ascertain from this record the date of Mr. Jortberg's license? (Presenting paper)

A. Received August 20th.

Q. So, during his negotiations, at the time of issuing

of the policy and the binder, Mr. Jortberg was a licensed agent?

A. Yes, I think he was. I was not questioning it.

Q. Now, Mr. Lovejoy, have you in the past been called upon from time to time by the Governor to write to various companies on casualty and liability coverage, advising them as to whom commissions would be paid and the amount, and advising them to tender the checks into the office for delivery to the persons named?

A. Yes, I have.

Q. That has happened frequently?

A. Well, it has happened whenever anything has come up.

Q. Now, through the records in the office, should we be able to determine the exact names of the persons who have, say over the past four years, received commissions, and the amounts?

A. I would say so.

Q. And that would not be kept as a record other than through the correspondence such as this letter here?

A. No; I do not think there is any other record of it, except there might not be any designation of sending the commission ~~where~~ in some instances it is a renewal of a policy or a bond which has been in effect for some time and it is a continuation proposition, there might not be any record of that, because there is no particular necessity for making one except a request for renewal. The premium in these instances would be paid to the agent, and he in turn would deduct his commission in paying the balance

of the premium to the company, so there probably would not be any record of designation of commission.

Q. You perhaps noted in the Governor's letter of November 20th. , he stated: "And in view of the fact that Mr. Brown placed the State of Maine automobile fleet policy through an authorized agent of your company, namely Charles A. Jortberg, Jr. \*\*\*\*" -- that part I have picked out is not in accordance with the facts? Mr. Brown did not place this business through Mr. Jortberg?

A. I see what you mean very definitely, and, from the layman's standpoint, the answer would be no. From usage and custom in the business, which came first, the hen or the egg, I could not tell you, and in the handling of a situation of this nature or a similar nature it is not unusual to make that type of designation and to handle it in that type of manner. I am not making any excuse for the way the business is conducted, but I am simply stating that it is not unusual to have designated somebody technically as the placing agent, in order to receive a certain remuneration, or as a broker or a participating agent.

CHAIRMAN TOMPKINS: You are simply setting up a fictitious set of circumstances?

A. It is not unusual.

Q. I say, it is simply a fictitious statement of facts.

A. It is not unusual in the business.

Q. In what business?

A. In the insurance business.

Q. Among private individuals?

A. I was not trying to be facetious when I said which came first, the hen or the egg. I was simply saying where

the business is placed with an agent or person who is an agent but acting in the position of a broker.

Q. Well, this man Brown wasn't a broker?

A. He has a right to act as broker under Section 122.

Q. He has no broker's license.

A. He didn't need one under 122.

Q. Under what theory could the Governor possibly state that Brooks Brown effected the insurance through this company?

A. Well, of course I cannot be in a position, Mr. Tompkins, of speaking for the Governor, because I don't know. I had not seen this letter.

Q. Then the Governor must have been misinformed as to the facts.

A. I don't know. I certainly cannot be in the position of stating what was in the Governor's mind or what happened.

Q. (By Mr. Webber) The statute you refer to, Section 122, you refer to this part of it: "Agents of duly authorized insurance companies may place risks with agents of other duly authorized companies when necessary for the adequate insurance of properties, persons or interests." Is that what you refer to?

A. That is what I refer to.

Q. You think that gave anybody a right to call Mr. Brown an agent?

A. I think it gives anybody a right, if I interpret the thing correctly, to pay commissions. It has been done

and is done, not only in this instance but practically every day in the week and dozens of times.

Q. Wasn't that designed, as a matter of fact, to cover the case where a man, for instance, gets a big fire coverage and he has not the facilities to cover it all and he can parcel out parts of it, and he has a right to do that?

A. And in addition there would be the case where you as an assured might request coverage from Mr. McNamara and Mr. McNamara didn't have a company that would place that particular coverage, and he would have the right to go to Mr. Dow and obtain the insurance through him, which is an act nominally referred to in the business as brokerage.

Q. But the State did not request Mr. Brown to place this business?

A. The State requested the company to place the business.

Q. Now the company that Mr. Brown represented?

A. That is right.

(Off record)

CHAIRMAN TOMPKINS: Don't you have some law governing rebating of commissions on insurance policies?

A. Yes.

Q. Isn't that pretty near a rebate?

A. I do not think so, not to anybody in the business.

Q. The Governor says pay the commission to so and so who has had nothing to do with the business. It passes

through his hands.

A. Through whose hands.

Q. The Governor, by his direction.

A. I wouldn't say that, no, Mr. Tompkins.

(Off record)

Q. (By Mr. Webber) What about the cars over to the University of Maine, why should they be included in the State's blanket insurance? They are owned by the University of Maine which is a separate entity, are they not?

A. That is a legal question, I suppose, as to whether there is a separate entity. I have heard it argued any one of several different ways. Some will say they are and some will say they are not. The Industrial Accident Commission has said, if the question was ever brought up to them to state whether or not one of those employees over there was a State employee or whether they were not, the chances were on that basis alone they might find they were as a matter of law. That would lead you to believe it is quite close.

As far as including it in this policy, it is a direct benefit to the University of Maine. The premium for the University of Maine cars is paid by the University of Maine, as I understand it, so I do not think it makes a bit of difference to the State of Maine as such, but it is a direct benefit to the University of Maine.

Q. Because they get the benefit of the State's low rate?

A. I do not think it would be any different if they were not in there.

Q. That is what I want to go into.

Now isn't it a fact they have for several years past had a very bad loss ratio at the University of Maine compared with other State departments?

A. I don't recall that is so. I thought the one that had a bad loss ratio was the Police Department and the Highway Garage. Last year it was the State Highway Department, because of that steam shovel accident. I do not think the University of Maine has had a bad loss ratio. Of course the premium is very small and one accident will throw you all out of whack.

Q. If that were true, then the State could save some money by letting the University of Maine insure its own cars, couldn't they?

A. That is right.

Q. Have you run into any situation of finding that cars or trucks were being insured that didn't actually exist?

A. There has been some question in connection with the auditing and the method of handling in the past. That has been checked up, I think, and reasonably worked out.

Q. How is it being handled now to keep that from happening?

A. As I understand it, it is being checked now through the purchasing department. I think they have a complete record. That is my recollection of it. Before I think they have relied a great deal on the question of licensing, and a license tag doesn't mean too much, because if one was lost you could get another without cost, so there



might be two license tags for a single car. We caught that, I believe, sometime last year, that thing had existed, or the possibility it had existed, and corrected it, I believe, at the time the audit was made. This is all subject to audit at the end of the policy year.

Q. Did the Adjutant General insure a lot of Federal equipment before you left here?

A. I understand he did. I did not have anything to do with it.

Q. Paid somewhere around \$2800?

A. I understand that is right. We had a quote on the thing from the people that insured the State at the time, the Indemnity Insurance Company of North America. We had a quote of some several thousands of dollars.

Q. Is there any reason in the world why that Federal equipment should be insured?

A. I don't know. My guess is not a bit better than anybody else's on that.

CHAIRMAN TOMPKINS: What kind of insurance is that?

A. Liability and property damage. At the time I understood the cars were being used by the State militia, the National Guard, and they had the same general hazard as any State-owned vehicle. When they went into Federal service I assume the coverage was cancelled. I don't know.

(Off record)

MR. DOW: What would the word "pleasure" be in the Zurich policy for, if it is there?

A. My understanding as to why it is in there is it is for a broadening of the coverage, so there could not be any possible technical question as to whether a car was being used for technical business use or technical pleasure use.

MR. MACNICHOL: From this list here, the insurance records started May 1, 1940, "The following is a list of policies received for recording from May, 1940, to December 1, 1940." That is the expiration date, June 1, 1940. Does that mean that those policies were received for recording?

A. I don't know what record you have. It might be either new or renewals. (Presents paper)

Q. Well, under that would you say that the firm of Macomber, Farr & Whitten had any business in 1940?

A. They did, because it was written in 1937.

Q. They had business in 1937?

A. Yes, June.

Q. And business that expired in 1941 would be business written in 1938?

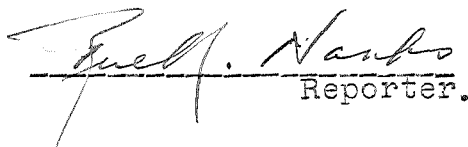
A. Yes.

Q. And in 1943 would be written in 1940?

A. That is as I understand it.

(Witness excused)

The foregoing is a true transcript of my shorthand notes in the above matter.

  
Reporter.