Fire Insurance means Indemnity only. One of the things which the average property owner, especially in the small towns and rural districts, is very slow to comprehend is, that a policy of fire insurance is not a promise that in the event of a loss by fire the company will pay the full amount named therein. In many minds the idea seems fixed that the possession of a policy for a thousand dollars, for example, entitles the holder to that amount from the company in case of fire, even if the destruction wrought is not equal in value to that amount. Experienced adjusters fully appreciate the difficulty of making clear to a large class of the insured that the fundamental idea of insurance is to replace or enable the owner to replace that which has been lost—simply to furnish indemnity. The company names in its policy the maximum amount which it undertakes to guarantee in case the loss should reach that amount, the actual payment below that maximum being always equal to the actual loss sustained. Thus, the actual loss, whatever it may be, within the policy limit, is the maximum of liability to the company. This practice proceeds upon the equitable principle that, for a stipulated consideration, the insurance company, in case of loss, puts itself exactly in the place of the insured. To pay less than the actual loss would be robbery of the insured; to pay more would be robbery of the insuring companies.

Ought not to be a Source of Profit. The fundamental principle of indemnity, as applying to the insurance of property, has been recognized in all lands by the highest legal authorities, and everywhere by the best writers and lexicographers insurance has been regarded as the synonym of indemnity. The general definition of fire insurance is succinctly stated in Wharton's Law Dictionary as follows:—"Insurance against fire is a contract of indemnity." A standard authority says:—"Insurance is a contract by which the insurer undertakes, in consideration of a premium equivalent to the hazard run, to indemnify the person against certain perils or losses, or against some particular event.'"

Although it is a recognized principle by all the courts that insurance "ought never to be a source of profit to the insured," and though the attempt to thus profit is wholly indefensible, yet a good many people, who would not cheat a neighbor, or knowingly defraud a creditor, and who are regarded as generally honest, seem to see no breach of good faith or moral delinquency in getting a thousand dollar payment if they can from an insurance company for an eight hundred dollar loss. We do not now refer to that class of people who deliberately design, by over-insurance and sharp—not to say criminal—practices, to swindle the companies, but to the still larger class, who harbour the mistaken notion that the face of the policy represents the sum to which they are entitled, because a premium on that sum has been paid. Fortunately, the number of such is constantly diminishing, as the educating process incident to almost universal insurance of property goes on, and the press and the ruling of courts emphasizes the underlying principle that simple indemnity is in all cases the equitable measure of loss. Another generation will doubtless do away largely with the opposite fallacy, and render adjustments less difficult and more equitable.

The Bank Rate 3 per cent. The reduction of the bank rate from 3 1-2 to 3 per cent. in the middle of June, the 15th, was not generally expected, nor did it meet with approval in some influential quarters. The height of the Reserve was certainly insufficient to account for the reduction, nor was there any gold movement to inspire the change. The following extracts from the banks' returns show the above two points:

	Coin and Bullion. $	Gold in or out. $		Reserve. $	p.c. of Reserve	Rate
March....21	176,500,000	1,490,000	out	124,700,000	45	4
April 18	154.100,000	640,000	out	101,815,000	42¼	4
May......16	165,870.000	5,300,000	in	108,780,000	43¾	4
" 23	167,000,000	1,500,000	in	110,105,000	44¼	3½
" 30	165,710,000	115,000	in	107,120,000	44¾	3½
June...... 6	161,650,000	670.000	out	102,000 000	43¼	3½
" 15	163,400,000	1,300,000	out	105,000,000	44	3

Here we have an exhibit of a Reserve lower when the rate was reduced to 3 per cent. than it was for some time when the rate was at 4 and at 3 1-2 per cent., and, when the rate was reduced from 4 to 3 1-2, gold had been, and was still flowing in heavily, while, when the change was made from 3 1-2 to 3, gold had been, and was, flowing out quite freely. This runs somewhat counter to the ordinary course, but there are other conditions besides the Reserve and gold movements which induce the directors of the Bank of England to change the rate. They know not only what present conditions are, but what future ones are promising to be, and it appears that money in the open market was getting too plentiful to be held up by the bank rate. In the last reduction the bank followed the market instead of leading it, as is the more usual course. In June, 1890, the rate was 3 per cent., with the Reserve at 41 7-8, and in June, 1899, the rate was 3 per cent. with Reserve 41 1-2, but in both those years the supply of money was greater than the demand, so that the rate was kept low although the Reserve was low, there being nothing in sight to cause any apprehension of it being drained to an undesirable figure. The prospect of peace in South Africa with a resumption of gold exports from that field has had some influence in cheapening money, by allowing it to flow more freely under partially restored confidence. But these favourable prospects are being threatened by the outbreak in China, which, if continued, will very soon put the bank rate back to 3 1-2 or 4 per cent.

CONSUMPTION.—Sir J. Crichton Browne is of the opinion that consumption in the United Kingdom will, in the ordinary course, disappear in sixty years. He believes, however, that with caution in the nursing of patients it may be got rid of in half that time.