

his speculative remarks should inculcate or encourage the idea that simply because the doubtful or the unlikely *may* happen, that the safe doctrine which insists upon nonimpairment of capital should be regarded as over-exacting, asking and expecting too much of the companies because it is not necessary, nay, that it is useless to keep capital intact, or indeed, on that line of argument—mere assertion—it should not be necessary to have any capital at all. "Such master such man," or as some would say it, "such priest such people," are old sayings made use of to express and illustrate the fact or principle that as a rule people not only follow their leaders but actually copy them, for good or evil, always the evil being more readily copied, thus involving serious responsibilities on the leaders. The leader in this instance being the Superintendent of Insurance, who is properly regarded and looked to as the priest and master to direct how insurance matters shall be conducted according to law. It is an exalted, responsible position, and can be used to protect and promote the interests committed to his safe-keeping, or be slighted if not neglected, or worse, be misdirected, just as the Superintendent may see fit to insist upon the observance of the law by the companies or be too lenient, relaxing the law or suggesting that the law is too stringent and need not be too seriously regarded, as the Superintendent argues—that in fact the law says more than should be said, and requires more than need be granted or complied with.

Such we regret to state is the legitimate construction to be put upon the insidious hints respecting the Dominion Insurance Act and other insurance enactments, by teaching that the capital of an insurance company *may* be impaired and still that the company *may* fulfil to the letter all its obligations as well as if its capital were not impaired. Possibly. But what a freak doctrine to be preached by an official specially charged with the express duty of administering the insurance laws as they exist—not to sneer at nor cast doubts on them. Looseness or leniency of administration in such case if not a crime is, to say the least, a very serious mistake on the part of Superintendent. Many of the companies will eagerly avail themselves of the mistaken, but well meant, leniency, and will make, as many of them do make, indemnity insecure through impairment of capital, induced by careless speculative underwriting and the mistaken indulgence of government supervision, so that through the kind, (?) accommodating tendencies of the Superintendent, the policyholders' interests suffer, their indemnity being made uncertain, doubtful, questionable—insecure.

Will the Superintendent give instances, for there are such, and a few would suffice to illustrate the application of his wild, venturesome assumption that a company "may be legally impaired and yet be in a position to dispose of its business, etc." No person will

seriously question the Superintendent's statement, founded as it is on possibilities, that a company "*may*," etc. But is it safe, is it in accordance with the generally received doctrine of insurance to let a company become "legally" impaired, and if so how far should the company under "legal" competent supervision be permitted to go, legally or illegally, "impaired" before the insurance department, in the person of its magnanimous Superintendent, should interfere to stop the company's downward course to ruin? Or would that uncertain point ever be reached before the impairment should become irrecoverable, the capital exhausted and with it the security pledged to the policyholders? In such case would the Superintendent be performing his official duty by allowing things to drift that far? And further, assuming that he knows, and we grant that he must know, at any rate we think he should know, or have a fairly appreciable idea of the difficulty of overcoming an impairment of a fire insurance company's capital, is he, as a competent, watchful Superintendent supposed to be guarding and guiding the companies and all their interests, not overlooking those of the policyholders—living up to his official obligations, as understood, enforcing the insurance statutes while officially allowing the companies in his charge to become *legally* impaired, or in any sense at all impaired? Surely not, for is it not part of his recognized official duty, himself to live up to the law and see that the companies also do the same on their part?

The insurance department must have had a hand and a voice in building the Insurance Act and other legislation prohibiting or providing against the impairment of capital, and is not the Superintendent bound by the Act and the obligations of his office, to prevent the companies from paying dividends while the capital is impaired? Why then sanction that wasteful practice to continue and so permit the companies to drift into insolvency in face of preventive legislation? And who then should sustain and if necessary enforce the law if not a government official, a Superintendent of Insurance for instance, appointed expressly for the purpose of protecting the public—particularly the policyholders, against carelessness, or designed fraud on the part of the companies?

But in "such case," where the company pays its way and retires from business irrespective of capital, "there is," says the superintendent, "no actual impairment." Well, now, see what it is to be at once a financial expert and a Superintendent of Insurance! Heaven help us, what a revelation it is! It bangs Banagher, more it beats the devil to be officially assured that you really don't owe anything or any person anything after *all* your debts are paid. What a parting of the clouds it is to be sure, and by a government official at that! Now, in the name of all that is ridiculous what is to be the next officially announced absurdity?