CAN CORPORATIONS BE LEGALLY INSURED UNDER MUTUAL POLICIES?

Nothing in the able address of President Sheldon, at Chicago, deserves more attention than the suggestion thrown out in the following few sentences:—

Looking at the position of the manufacturer himself, are there not reasons why, other things being equal, he would much prefer to be in a stock insurance company than go into a mutual company? In the first place, a large majority of the members of our leading mutuals are corporations. They may be represented in the membership by the treasurer or other officer, but really the corporations themselves are members. At the present time courts are holding corporations strictly to the powers specified in their franchise, and it is a fair question for discussion whether, by becoming members of a mutual organization, and thereby virtually insuring their fellow members, they have not violated their charters and assumed obligations not contemplated in the laws under which they act. The liability incurred by such action on the part of these corporations is an uncertain one, and their managers much prefer to simplify their relations to this matter, if, with justice to their trusts, they can be fully indemnified and cared for by the stock companies.

At first sight this may look like the mere argument of an astute lawyer, thrown out to frighten corporations away from mutual insurance. But suppose, what is certainly a possible if not a probable case, that one of these mutual corporations through bad management should become unduly loaded with a poorer quality of risks. By one of those coincidences so familiar to underwriters, a succession of heavy losses throws the burden of a large deficiency on the members. The funds required to meet such a deficiency will absorb the expected dividends of the corporation insured. It may even impair the capital, or threaten insolvency. Are the stockholders going to stand idly by and see their money diverted into an insurance fund for the payment of losses by fire? They would argue, and argue rightly, that they were not engaged in the insurance business, and that neither they nor their charter had ever authorized the officers to assume such responsibilities. We doubt whether there is a corporation to-day insured under the mutual system which would not contest the legality of any insurance demand which threatened its prosperity.

If this be so, not only the corporations, but the private manufacturers, are at a disadvantage. The latter are guarantying a class of risks whose reciprocal guaranties are of doubtful legal value. The so-called mutual organization is a one-sided affair, in which one party is reaping the advantages of mutuality at the expense of the other. As officer of a manufacturing corporation, we should certainly be unwilling to assume the responsibility of bonding its capital stock for insurance losses without sound legal advice and the consent of the stockholders.—*Insurance Monitor.*

VALUES OF BRITISH INSURANCE STOCKS.

Average price (per cent. of amount paid up) for the several periods named.

COMPANY.	Capital paid-up.	Amount subscribed per share.	Amount paid in per share.	1880.	1885.	1889.	1890.	
	£	£	£	Per cent.	Per cent.	Per cent.	Per cent.	
Atlas Assurance	144,000	50	6	285	258	371	413	Oct. 10
British and Foreign Marine	200,000	20	4	506	576	571	563	" 13
Caledonian	90,000	25	5	£79	410	640	650	" 9
City of London Fire	200,000	10	1	......	50	30	23½	" 8
Commercial Union	250,000	50	5	440 p.c.	320	640	675	" 13
Edinburgh Life	75,000	100	15	267	280	300	......	....
Employers' Liability	100,000	10	2	......	87	110	18[illegible]	Oct. 10
Guardian, Fire and Life	1,000,000	100	50	139	122	177	186	" 13
Imperial Fire	300,000	100	25	610	613	678	760	" 13
Lancashire	272,986	20	2	419	241	400	450	" 8
Life Association of Scotland	87,500	40	8¾	313	354	424	395	" 9
Liverpool & London & Globe	391,752	20	2	941	1270	2000	2500	" 13
London Assurance	448,275	25	12½	504	382	440	420	" 8
London & Lancashire Fire	185,200	25	2½	260	237	630	765	" 13
London & Lancashire Life	20,000	10	2	......	225	213	412	" 13
Manchester Fire*	100,000	20	2	......	......	250	437	" 13
National of Ireland	100,000	25	2½	......	......	170	......	....
North British & Mercantile	625,000	25	6¼	880	476	752	876	Oct. 10
Northern Assurance	300,000	100	10	475	425	640	735	" 10
Norwich Union	132,000	100	12	1030	778	783	......	....
Phœnix Fire †	....	......	......	£307	£212	£275	£266	Oct. 10
Queen, Liverpool	180,035	10	1.	388 p.c.	241 p.c.	575 p.c.	825 p.c.	" 13
Royal, Liverpool	289,545	20	3	929	1017	1616	1986	" 13
Scottish Union & National (A)	237,705	20	1	366	275	375	400	" 13
Do do (B)	12,459	10	3¾	......	......	373	......	....
Standard Life	120,000	50	12	621	418	442	450	Oct. 9
Star Life	5,000	25	1¼	1120	1320	2720	......	....
Sun Fire	....	......	stock	......	......	£450	£453	Aug. 13
Sun Life	360,000	10	7½	......	......	174 p.c.	213 p.c.	Oct. 1
Union Fire and Life	180,000	100	40	......	......	587	662	Aug. 6

* New shares, £1¼ paid up, 520 per cent., Oct. 9, 1890. Shares have no face value
† Company unlimited and practically a partnership.

We have given above the principal British companies doing business in Canada. We employ percentages in expressing prices of shares, as is customary on this side the Atlantic, and also affording easy comparison at a glance. The price given (except in last column) is the mean between the highest and lowest quotation for each year.