between the parties. The same principles of fluctuations and proportions of values apply to millinery, dry goods, hats and caps, furs, agricultural implements, boots and shoer, stoves and other stocks, for all of which the insurance companies are called upon to provide markets at cost or nominal value from time to time. If the adjuster insists that the real value is the true measure of loss he is vilified as a swindler, although they who are loudest in their denunciations, would be the last to give the cost or nominal value if they were buying any stock uninjured by fire.

Now, not injustice but real benefit would be done to all by a thorough understanding that they must maintain insurances equal to three-lourths of the cash value of their properties and could not obtain any benefit from any insurance exceeding this limit, because they would pay more attention to the fluctuations in the values of their sto. ks, and would regulate their insurances accordingly, while the insurance companies would be less liable to exaggerated claims and to losses total as to the policies in force.

The manufacturers and the wholesale merchants are vitally interested in the proper conduct and application of fire insurance, and, consequently, should do more than they have done to spread a knowledge of insurance principles. A inember of the Toronto Board of Trade rightly says " that the most valuable insurance policy is that which gives the most insurance at the least cost, and with the least restrictions," but he thinks of insurance as a marketable commodity and not as a guarantee of indemnity, which, being provided by the contributions of the many, affects all these contributors, as it costs more or less to provide, and as its abuses necessitate restrictions of the dishonest for the benefit of the whole ; when the men of such influence as are the wholesale merchants and manufacturers combine to drive out of business all who are found guilty of fraudulent insolvencies. fraudulent claims and incendiary fires, they will then inaugurate an era in which insurance can be provided at little cost, and no restrictions will be necessary; but so long as they support such things they must suffer the increased cost of insurance, and be subjected to such restrictions as alone make any insurance possible.

These merchants and manufacturers are constantly in danger of suffering loss by reason of the ignorance, the stupidity, or the dishonesty of such of their customers as either neglect fire insurance altogether, obtain that which is of no use or is inadequate or excessive, or attempt

to defraud the insurance companies, after which they howl and complain as if the fault lay in the insurance company instead of in themselves. In further evidence that no injustice will be done by the threefourths value clause, or a co-insurance clause such as is under consideration, we may state that there is a dim tradition prevalent everywhere that the insurance companies will not insure more than twothirds of the value at risk. There is also another tradition, more vividly impressed upon the minds of the people, to the effect that any jury will give any verdict against any insurance company, so we will again make use of tables similar to those in our first article.

Suppose Value at risk	\$133,333,333
Insured for 3 of Value, or 5	5 88,888,889
In Policies averaging	\$ 2,000
No. of Policies being	44,444
Policies becoming claims	666
Amount of claims	\$ 444,444

The average cost of insurance would be one-half per cent, but some persons would suffer loss beyond their insurance and others would have insurances amounting to more than their losses. If the threefourths co-insurance clause were enforced. then the losses would be more uniform as to the insurance, as the losses would more nearly approach forty per cent of the policies affected thereby, consequently the cost of insurance would be more equally borne by all the insured parties Now the absence of any requirement and of any limit of proportion of insurance makes the proportion of amount of claims to amount insured greater than it would be if the requirements and limits of a co-insurance clause were enforced, and so bring up the proportion as follow: Value at risk say \$133,333,333 Insurance averaging 3 value \$ 88,888,889 In Policies averaging \$ 2.000 No. of Policies being 44,444 Policies becoming claims..... 888 666,666 Amount of claims...... \$ increasing the claims by fifty per cent; first, by reason of "full insurance," which lessens the care of the owners, and so increases the number of fires; second, by " under-insurance," which increases the ratio of loss to insurance, both of which tend to increase the cost of insurance, although from opposite directions. If we add to the first the influence of juries in the success of fraudulent claims, then we find the cost of insurance doubled for want of some healthy requirement and limit by co-insurance conditions.

Now, who pays this additional cost of insurance ? is it the *fraudulent few* who obtain over-insurance, the *few* skinflints or gamblers who do not carry sufficient insurance, or is it the *great* body of *insurers* who carry a legitimate amount

of insurance, and whose losses are as unavoidable as their claims are honest? It is, we hope, now made quite plain that it is those who have no losses at all who pay the greater part of the cost of insurance and that they, and those whose losses are unavoidable, pay nearly the whole of this increased cost, so it is in their interest that co-insurance clauses are proposed.

Let no one run away with the idea that insurance companies pay losses; they merely distribute the contributions of the many insured amongst the comparatively few loss claimants. As they do this at an average cost of thirty per cent of all the premiums they receive, and as they properly endeavor to secure for themselves ten per cent of these premiums, they and their agents are financially interested in the increase of losses. and are restrained in this by public polity alone, which would banish them from the land if they were to consider their now interests as opposed to, instead of being identical with, that of honest policyholders. Therefore let these latter well consider the probable effect of a co-insurance clause, which, by reducing the liability to loss, will reduce the cost of insurance, and which, by making the proportion of insurance to value at risk more uniform, will cause the payment of premiums to be more equitably contributed.

BANK OF MONTREAL DIVIDEND.

We confess that when we read the article in the Montreal Gazette of the 21st inst., the day on which it was understood that the announcement of the half-yearly dividend would be made, we imagined that it must have been inspired, much as are those articles which give the substance of the speech from the Throne prior to its delivery. The Rest of 50 per cent having been completed it was naturally supposed that there was reasonable ground to hope for a bonus at the close of the year, and the Guzette commences his article by stating that rumor points that way. It then proceeds to suggest the importance of what it calls "a dividend contingent fund," distinct from the ordinary contingent lund, admitting that in one sense, the matter is as broad as long, but, as there is a desire to preserve intact the splendid reserve tund which has been accumulated, "the creation of a dividend contingent account " is the best mode to accomplish the main object. We hope that the article to which we have referred had no influence in causing the speculation in Bank of Montreal stock on the Exchange on Tuesday.