

ever rank. The law is so defective now as to neglect classifying the abstraction of a company's money or bonds by its president or directors, for private use, as a criminal act. This defect must be removed; the very identical crime of the American presidents above referred to, for which they cannot be punished, was that which some years ago put several English bank directors in gaol. The director of a public company, however large his holding of stock, is a trustee of that company; if he, without full legal authority, uses the money or possessions of that company to aid his private business, he is guilty of a serious crime, a crime none the less criminal if it is omitted from the criminal code, for it is a violation of the fundamental ethical principles of right and wrong, of which the criminal code is only the formal, authoritative expression.

Those who are mixing up this grave issue with discussions about shareholders' meetings, and such like mere side issues, only confuse the question at stake.

As an appeal has been made to us as to other financial journals, to state our views on "the legalized plunder of railroad properties," we give our judgment in a few words: the law of the United States must recognize as penal offences, as misdemeanors, the falsification of railroad accounts, and the abstraction from the treasury of a company, of cash or securities by any official for the purpose of using them for his personal business.

THE BRITISH COMPANIES IN THE UNITED STATES AND CANADA.

During the past two months a good deal has been said on both sides of the Atlantic about the unprofitableness of the fire insurance business to the British companies operating in the United States, the withdrawal of one company, the Guardian, furnishing the text for the observations made. Many unfounded rumors of the withdrawal of other British companies have been promulgated, the unreliability of which has been speedily shown up. That the past two or three years have been very bad years for fire underwriting, not in the United States and Canada alone, but everywhere, is well known, and statistics certainly go to show that the loss ratio on the general business of the British offices has been quite as high, to say the least, as has the general loss ratio on this side the water. The experience of a single year in a particular field with a particular class of companies is of little moment, however.

If it were, we could show by the statistics of 1892 that Canada was a better field for the British than for the American companies, for the loss ratio of the former was 63.3 per cent., while for the latter it was 71.6. If we take the experience of 1893 we may easily prove the reverse to be true, for in that year the American companies in Canada had a loss ratio of 69.7 and the British companies of 77.4. In the United States the loss ratio of 1892 was about one per cent. higher for the British than for the American companies, while the expense ratio of the former was about three per cent. less than that of the latter. In 1893 the expense ratio was still three per cent. less for the British companies, but the loss ratio was over two per cent. higher than that of the American companies.

It is manifest that the profitableness or otherwise of a particular field must be determined by an experience extending over a series of years. Such extended experience we recorded in our issue for July 15th, last, when we printed the tables from the Dominion Insurance Report giving the results to fire insurance in Canada for twenty-five years. The percentage of losses paid to premiums received is there shown to have been 68.9 (including the great fire of 1877 at St. John, N.B.), for the British companies, while the average ratio of all classes of companies, combined, was 69.4. If we take the sixteen years since the St. John fire we shall find that the average loss ratio of the British companies was less than that of the American or of the Canadian companies. In order to get a fair average of results in the United States field, we have taken the trouble to compile from the insurance reports the aggregate premiums and losses for eight years, from 1886 to 1893, inclusive, of the twenty British companies doing business there, and also the premiums and losses for the same period of an equal number of American companies, comprising the largest and most successful. Following is the result:—

8 Years, 1886-1893.	20 British Companies.	20 American Companies.
Total premiums received.....	\$218,378,954	\$341,799,492
Total losses paid.....	136,746,343	209,418,238
Losses to premiums.....	62.61	61.27
Total expenses.....	\$72,696,021	\$117,920,824
Expense ratio.....	33.28	34.53
Expense and loss ratio combined.....	95.89	95.80

It will be seen at a glance, that although the business of the British companies, including great and small, has been compared with the twenty largest and most successful of all American companies, with losses and expenses both below the general average, yet during the eight years the underwriting results are practically identical. The British companies have paid a little more for losses, but have saved in expenses enough to make the account even. Taking all the American companies, and it will be found that the average expense ratio for the past five years has been about 36.5 per cent., showing that the twenty American companies selected above for comparison are below the average in the matter of expenses, as they are in losses. But in this connection we desire to place before our readers a still more comprehensive exhibit of underwriting experience in the United States so far as the British companies are concerned. We have accordingly compiled, in part, from figures given some months since by the *Insurance Age*, a record of the total business as regards premiums and losses of the purely British companies which were in the United States on January 1st last, covering the entire period from their several entries to the country down to and including 1893. Of course this record includes the large losses paid by several companies on the great Chicago fire of October, 1871. Notwithstanding this the average loss ratio has been less than the general average throughout the country for the past dozen years. Following is the table:—