Manager first casts out of the debtor side of the account an item of $75,000 which we set down as a provision for re-insurance, but which the Manager calls "a mythical liability," and then ignores the $89,738 of paid up capital. Were we right in charging the Company with a sum such as would re-insure the business in case of stoppage? The Manager of the Provincial is an actuary, at least in name, and should be disposed to yield to actuarial authority on a matter of this kind. He calls a re-insurance fund "a mythical liability." Mr. Barnes is Superintendent of the Insurance Department of the State of New York, and by the laws of the State is empowered to withdraw the license of any Insurance Company whose position is not sound. All the Fire Insurance Companies doing business in New York have to charge themselves, as a liability, with the amount required to re-insure all outstanding risks at an average of 50 per cent. of unexpired premiums. In one of his Annual Reports, Mr. Barnes states: "The question of what amount "should be charged as a liability to a Marine "Company as a re-insurance fund for out-"standing risks, is very important in stating "the condition of such a Company. In "accordance with the recommendation of "the Board of Underwriters, and the "opinion of the soundest and most expe-"rienced marine underwriters, the reinsur-"ance reserve has been fixed at 100 per cent. "of the full amount of premiums received on "unexpired risks or policies. All the Marine "Companies are now charged with this "amount, and also the Fire Companies em-"ployed in marine insurance, on their marine "and inland risks."

The Insurance laws of the State of Massachussetts are explicit on this point—"in "making up their annual statement they "(the directors) shall be required to charge "the company only such portions of the cash "or notes received on policies which are un-"expired or would be requisite to reinsure "all outstanding risks." That is, the amount requisite to reinsure all outstanding risks is to be considered just as much a liability as the unpaid losses and charged as such. According to the manager of the Provincial Insurance Company of Canada all this is wrong; the experts across the lines have compelled their 164 fire and marine insurance companies to charge themselves with "a mythical liability," and actually have the audacity to restrain by statutory enactment, the declaration of dividends until that "mythical liability" is first deducted from the Cr. side of the account! Still worse if the financial condition of a company will not admit the deduction of that "mythical liability," the Superintendent walks into the defaulters' office, stops business, and levies contributions on the stockholders until the "mythical liability" takes shape and substance. Verily, Jonothan is a simpleton! In this matter we are simple enough to coincide with Jonothan; so supported on either side by Superintendents Barnes and Sandford, we take the liberty of replacing an item for reinsurance among the liabilities of the Provincial. We have English precedents also. For instance, the Lancashire has a fire reserve of £49,000; the North British set aside one third of the fire premiums, £138,514, of the past year, as a reserve, but the point is so clear that it is idle to enlarge upon it.

The Manager has made the Directors say some very absurd things, but the most absurd of all perhaps is this "a reinsurance fund of $75,000 is double the sum that would be necessary." According to their own statement the premium income is $200,000, of which $100,366 (which was the sum of marine premiums last year) may be taken as on marine policies and $100,000 as on fire policies. According to the American practice, 50 per cent. of fire premiums and 100 per cent. of marine premiums are taken to constitute a reinsurance fund. To say that $37,-500 would reinsure the Provincial, its premium income being as above stated, is such absurd nonsense, that we wonder at the stupidity which could have even suggested such a thing, and the crass ignorance which could have endorsed it.

We fearlessly assert that no respectable Insurance Company would assume its outstanding risks at the same rates at which they have been taken. This Company has got the very refuse of the insurance business of this Province, and the increase of its business is due to the fact that the English and American Companies have withdrawn their agencies from country towns or ceased to take any but first class risks.

The Manager seems to think that we should have taken the current income for the year as an asset. Perhaps we should, but we might just as well have gone ahead a little further and taken the income from premiums for five or ten years yet to come and used it in the same way. A *reductio ad absurdum* would be to add $70,000, the "net profits" of 1867 and 1868, to the $200,000 current income of 1869 and ask the Com'y to show the money.

The Manager points triumphantly to the fact that no portion of the $470,760 subscribed capital has been forfeited. According to the Company's statement of June, 1867, the subscribed capital was $533,940, of which $97,889 was called in. The statement of June, 1868, shews the subscribed capital at $470,760, of which $89,738 was called in. So that between 1867 and 1868 stock to the amount of $63,180 was forfeited. If the work of forfeiture ceased then, it was because calls were not pressed.

It is claimed that the following are the Company's assets:

Balance in Bank and Agent's hands,	$48,427 82
Investments.	5,250 00
Real and personal property	22,308 00
Good debts	5,247 08
Bills receivable	48,927 63
Calls in process of payment	2,908 15
	$133,068 76

Taking this as correct, the Company's account with itself would stand—

Dr.—Losses	$39,378	
Mortgage on office	8,000	
Debentures to Church Society	15,000	
Re-insurance fund	75,000	
Paid up Capital	89,738	
		227,116 00
Cr.		$133,068 76
Deficit		$94,047 24

Were this Company doing business in the States, it would lose its license until the impaired capital should be made good. However, let us pass to its position as regards the public.

One is struck by the quaint book-keeping terms which characterize the Manager's statement. He is careful to club the balances in bank and agent's hands together. Does the word balance mean cash? If so, how much is in the bank? About the 27th of March last the bank account was overdrawn. Last June the balance at agencies was $35,665, so little progress has been made in getting the money in. Though that amount was out in agents' hands the petty sum of $8,000 was raised by mortgaging the Comp'ys office, which we suppose pays interest at the rate of ten per cent. If the Manager would acknowledge that the $48,427 means bad debts made through agents, we could understand why a mortgage was necessary, but even then we should feel anxious about the net profit of $35,000. He speaks afterwards of "good debts $5,247." As a matter of curiosity, we should like to have seen the Company's accountant ferreting out the details of this item. The investments referred to are we suppose a Brantford debenture, and Detroit and Milwaukee bonds. Our old friends, "bills receivable," are out again doing duty for $48,927 63. Last June they represented $47,499 28. We fancy all of these that were available have been, in vulgar phrase, "shoved up the spout," either in the way of discounts or as collaterals.

The next in order is "calls in process of payment." What is a call in process of payment? Two years ago the Company ventured to make a call on the stock. Last year nothing was credited to calls so we take it for granted that the calls were not then in process of payment. If it takes two years for these calls to win recognition in the balance sheet under the equivocal title mentioned, how many years will it require to complete