

partner, the concern was insolvent. Although Mr. Chewett had disposed of his property, the public were not aware of it, and as he had the reputation of being the possessor of ample means, and certainly had the reputation of an honourable man, his name in the partnership gave it a position which it otherwise could not have commanded. We do not know whether persons were induced to deposit with a "banking house" whose business was, as Mr. Chewett confesses, merely speculation in gold, by reason of their confidence in Mr. Chewett, but we can easily understand the influence of his name in connection with it. The circumstances tell strongly against Mr. Chewett.—He first parted with all his property, and then became a partner with a man whose financial position he must have known to be unsound. At the least he did not think it worth his while to ask for a statement of his affairs. Whatever may be said of the legality of the settlements there cannot be two opinions as to the morality of Mr. Chewett's conduct.

THE Directors of the Gore Bank have decided to close the remaining branches of the bank, and confine operations to Hamilton, under the management of Mr. Read.

Communications.

OVER-INSURANCE.

Editor of the Canadian Monetary Times.

SIR,—In a communication over the signature "Insurance," in your issue of last week is a clause which, as it is calculated to mislead those not conversant with matters of which the writer professes to treat, deserves a passing notice. Your correspondent says, in speaking of the insurable value of buildings: "It ought to be explained to the insured that 'he can only insure two-thirds of the actual value, he being his own insurer for the other one-third. I am aware this is often not done as I have frequently been told, 'such a Company will take any amount I will give them.' The reply is a very simple one, they may take your premium but would not pay you more than your loss or two-thirds of the value. For instance if the cash value of a property is \$4,000 no company will pay more than \$2,667."

I am surprised at any one professing a knowledge of insurance matters advancing such an absurd statement. If my building is worth \$4,000, and the company insuring is so injudicious as to cover the whole amount—a circumstance which through the ignorance or avarice of agents I am sorry to say often occurs—I have only, in the event of the total destruction of my building, to prove that it was actually worth that amount, and I recover in full. In support of what I aver, I will only for the present cite one authority, which I have no doubt will be considered sufficient. Angell on Fire Insurance, sec. 249, page 307 says, "The difference between the mode of adjustment and satisfaction, in the contract of Marine and that of Fire Insurance in the event of loss (as has been stated by a very learned judge, whose attention through a long course of judicial duty has often been directed to both branches of insurance law) is distant and obvious. The following is his language: 'In fire policies the assured recovers the whole loss if within the amount insured, with-

out regard to the proportions between the amount insured and the value of the property at risk.'"

Your correspondent must, I fancy, have got some confused idea about the average clause in Marine Insurance and mixed it up with a condition of that nature embodied in some English fire policies, but which, however suitable to some of the various branches of business in England, certainly, unless in very exceptional cases (and then by special agreement) finds no favour in Canada.

Truly yours,

INSURER.

Toronto, March 10, 1869.

Mining.

MADOC GOLD DISTRICT.

(From our own Correspondent.)

BELLEVILLE, March 8th, 1869.

Very little progress has been made in mining operations for several weeks past; and such strict secrecy has been observed in almost every quarter where work has been done, that I shall be obliged in some cases, however unwillingly, to give you current reports instead of authentic intelligence.

The Richardson Company affect no reserve as to their doings; but from various causes they have not done much work of late. Mr. Dunstan, their manager, came down last week, bringing with him a "brick" of gold of the value of \$260, the produce of about 50 tons of rock, or about \$5.25 per ton.

The Merchants' Union Company lately sent 3 tons of their vein-stone to be reduced at the Caldwell (Severn) Mill. The total result was gold to the value of \$2; but if, as is reported, the mill is in a bad state of repair, this crushing may not be a true index of the value of their ore; indeed, both from inspection and experiment, I am inclined to think more favorably of their lode.

The mill in question (Severn's) has been running night and day for some weeks upon quartz from the Fiegel mine, with very satisfactory results. The mill-owners have not let anything be known as to the actual amount realized, but \$20 per ton is freely mentioned. The supply of ore from this source is, however, cut off, as Mr. Fiegel intends to put up machinery to reduce his ore on his own account. This I give merely as a current report.

The proprietors of the Barry mine, in the Township of Elzevir, have been running their new machinery experimentally, with, it is said, "splendid results." As the shareholders have got their disputes settled, they will shortly commence to work commercially—also a common report.

The Toronto and Whitley Company's mill at Bannockburn is now complete, and in working order; but I have not heard whether or not any crushing has been done there.

The machinery for Mallorytown is well advanced. The boiler and other essential parts have been sent down, and the remainder of the apparatus is being got ready as quickly as possible.

A company of gentlemen from Cincinnati are about to commence working a deposit of grey crystalline limestone, banded with plumbago, at Eagle Hill, in the Township of Denbigh, which has given good results by small assays.

Some of the principal mining men in the Town of Belleville, contemplate erecting a test mill to make assays of rock of 100 lbs. each, on the pan system of amalgamation, under the management of Prof. Bell, of Albert College. When ready to go into operation, it will be advertised in the MONETARY TIMES.

—The Elgin Mining Company's well at Port Stanley is over 400 feet deep, but no sign.

—Bank of New Brunswick stock was recently sold at 47½ premium.

Law Report.

GUARANTEE POLICY—FRAUD.

The Bank of Toronto having taken proceedings in the Superior Court, Montreal, against the European Assurance Society, upon a guarantee policy, issued to secure the Bank to the extent of \$16,000 against "such loss as might be occasioned to the said Bank by the want of integrity, defaults or irregularities" of Alexander Munro, the manager at Montreal, judgment was given, substantially, as follows:—

The precise charges set forth in the declaration and upon which the plaintiffs seek to recover the whole amount named in the policy may be stated as follows:—That Munro, without any authority, in direct violation of his instructions, and contrary to every rule followed by banking institutions in this country fraudulently allowed the firm of Nichols and Robinson, brokers of this City, to overdraw their current account in the Bank at Montreal from the 1st of March, 1865 to the 13th May of the same year.

The balance of which overdrafts on the last mentioned day being \$28,160.29 cy.; that these overdrafts were allowed without security, that various devices were made use of each month to conceal such overdrafts and that they were contrived and carried out in collusion with Nichols and Robinson, who subsequently became insolvent; that a judgment had been obtained against the latter by the Bank for the amount, which could not be recovered, and that Munro had absconded and had left nothing wherewith to pay the debt.

The Defendants met this action by the general issue, and by two special pleas which raised substantially three points—namely:—

1st. That the overdrafts were allowed by Munro in the exercise of the discretion appertaining to him as Manager at Montreal, and in the transaction of the ordinary business of the Bank.

2nd. That they were allowed openly and without fraud, and passed regularly through the books of the bank of Montreal for months before the 1st March, 1865, as was well known to the plaintiffs; and 3d, that although large overdrafts were constantly allowed by Munro, and regularly entered in the books of the bank, which according to the proposals for the policy were under constant supervision by the head office, the plaintiffs had never notified the defendants of the fact; and that by withholding such notice, the policy had become void under the 4th condition therein stated, if, in point of fact, the allowing overdrafts, as in the present case, could give rise to a claim. The clause adverted to is as follows:—"That (subject to a discretionary power exercisable in certain cases by the Directors in Canada of remitting the forfeiture) a policy of guarantee becomes void as to future claims, upon its being made known to the directors of the said society in Canada by the employers that the party whose honesty is guaranteed has committed or omitted any act which gives the right to make a claim under the policy; and that the employers are bound immediately upon discovering, or having notice of the commission or omission of any such act, to forward a written intimation of the same, and so far as circumstances will permit of all particulars attending the commission or omission thereof to the directors; and that by wilfully and knowingly omitting or neglecting so to do, for two months after such discovery or notice the policy becomes absolutely void, both as to existing and future claims thereunder."

These questions appear to me susceptible of the following definite and condensed arrangement:—

1st. Was the allowing of the overdrafts without security, a default or irregularity within the meaning of the policy, apart from any fraud or collusion? 2nd. If not, was there any fraud or collusion between Munro and the firm of Nichols and Robinson in respect of these advances? 3rd. If