

served a good purpose in affording an inexhaustible supply of water for watering the streets, and for any other purpose required, since the 20th of June last. The large water tanks constructed under the direction of the Standing Committee on Fire, Water and Gas have, thus far, done good service, in according an abundant supply of water for the extinguishment of fire, in every instance where fire occurred within a distance of one fourth of a mile of any of the tanks. There are 15 of these tanks nearly all of which are distant from any of the hydrants; but there are yet many well-built up localities entirely destitute of any supply of water for extinguishing fire. For a few years, it would be well to appropriate \$1,000 a year to the building of tanks in localities where most needed, and where water works are not likely to be extended for very many years. With the present means of giving alarm, it is impossible for the Fire Department to render efficient service on all occasions of fire. The alarm bells are not as effective as formerly. A proposal to erect the Fire Alarm Telegraph in the city for the sum of \$5,400 was laid before the City Council of last year. In the city there are but 2 Engine Stations in use; one at the corner of Bay and Temperance streets, the other at Court street. From Bay street Engine Station it is upwards of 2 miles and a half to valuable blocks of buildings in the west end of the city, and in which, should a fire occur, 20 minutes at least must elapse after getting the alarm, before an engine from the nearest station could arrive at the scene. To this may be added other 20 minutes for the time between the discovery of the fire and getting the alarm at the station, so that under the most favorable circumstances with our present system of giving alarm, well on to an hour must necessarily elapse, after the discovery of a fire, before the Fire Department from the nearest station could render any service. With the fire alarm telegraph in operation, and well selected sites for the engine stations, 3 engines in commission might be sufficient in this city for some years to come.

The report closes with a reference to the Firemen's "Benevolent Fund" and to the unfortunate casualties that occurred to firemen during the year.

SETTLEMENT OF RE-INSURANCE.

The liability of a company under a policy of re-insurance presents several questions of great interest. For instance let a hypothetical case be stated as follows: Company A effects a re-insurance of \$5,000 in company B, the officers of B being notified that the original risk of A is \$10,000. After the re-insurance and before a loss, company A's risk is reduced to \$5,000. A total loss occurs. Should company B pay the entire amount of \$5,000 to company A, or be liable only for \$2,500. Before making any attempt to consider the question, we would premise that we deem the *modus* of the reduction of Company A's amount at risk an immaterial matter. In other words, we think that if company A cancels one-half of the risk held by the assured; or if a cancellation of one half the risk be made at the request of the assured; or if the reduction arises from the expiration of a policy covering one-half of the risk; in either case it presents an alteration of the amount at risk, and the manner of making it does not affect the question of liability.

The first principle that discovers itself in the investigation is that for the balance over a re-insurance, the re-insured company is a co-insurer. Thus in case the original conditions had remained until the time of loss (company A insuring \$10,000 and company B re-insuring \$5,000) and the loss and damage should be \$6,000, company C would pay \$3,000, as its share. This is an essential, fundamental difference, and shows that *fire re-insurance*, whatever its form may be, is settled like cargo rather than fire insurance.

The question is whether the liability at the

time the re-insurance is made or that at the time of the loss is to govern. Can the re-insured, after the re-insurance is effected change the relative position of the parties. The same reasons that would apply in case of a decrease of the amount would apply in case of an increase. If in the case named, the re-insured company (A) should increase the amount of its risk to \$15,000, company B would have to pay only one-third of the loss, if the liability at the time of loss shall govern. But a re-insurance is a re-insurance of a particular contract. It is not an insurance of property. It is a guarantee of a liability. The mode of settlement as we have seen, is upon the principle of co-insurance for the part not re-insured. It is a contract in regard to a contract, and we maintain that the original contract cannot be changed without consent. Whatever that contract is at the time the contract of re-insurance is made, must determine the plan of adjustment. If the insurance of company A was upon a warehouse used for non-hazardous purposes, and the assured should, with the consent of that company, use the premises for a furniture factory, no one would claim that company B would still be liable if its assent were not obtained. Good faith likewise demands that changes in amount should be notified and consented to. Company A may have grave reason to suspect the integrity of the party insured, and a reduction of the amount might relieve it from all liability. Company A is company B's agent in the matter, and all temptation to act in bad faith should be removed. On grounds of public policy, the possibility of collusion should not be allowed. If in the case stated, the sum of \$10,000 were noted in the contract of re-insurance as the amount upon which the re-insurance was made, there would be no doubt in regard to the mode of settlement. But this amount really forms a part of the contract, whether named or not. It is indefinite without this amount, but the amount is as capable of being ascertained as any other stipulation of the re-insurance. Like any other omitted matter in a contract, it can be corrected on the grounds of mistake. The contract is the re-insurance of a contract, and the amount of that contract is a fixed portion of its stipulations, the omission of which constitutes a latent ambiguity. Like any latent ambiguity it can be supplied by sufficient evidence—*Western Insurance Review*.

Meetings.

LA BANQUE NATIONALE.

The tenth annual general meeting of the Shareholders of this institution was held at the office of the bank, in Quebec, May 4th. V. Vétu, Esq., was called to the chair, and F. Vézina, Esq., was requested to act as Secretary. Before proceeding to the reading of the annual report, the following gentlemen were unanimously elected scrutineers, viz: T. H. Grant, Esq., Th. Ledroit, Esq., and A. E. Tessier, Esq. Eugene Chénic, Esq., President, then read the following report and statements of the affairs of the Bank:

Tenth Annual Report.

The Directors of La Banque Nationale have the honor to submit their tenth annual report on the affairs of this institution. After ten years of existence, the Directors have the pleasure to state that the same spirit of union and harmony which has marked their relations with the shareholders since the commencement, has been maintained till now; a proof of it is that there has been no change in the personage of the direction, since the foundation of this Bank. Hitherto, a dividend of eight per cent. has always been annually paid to the shareholders; during the present year the dividend has been reduced to seven and a half per cent. We have to thank the Providence for this long term of prosperity. The depreciation of American silver, the fluctuation in the finan-

cial affairs of the neighboring states, the uncertainty created by the projected changes in the incorporation of our banks during the last few years, have not failed to have their influence, on producing a certain contraction in the business generally, and have, as a consequence, reduced the profits of our institution. The statement accompanying the present report, contains a faithful representation of the actual state of the bank. On comparing it with that of last year's it will be seen that the amount of about \$12,000 remaining at the credit of profit and loss account, was employed to meet and deduct an equal sum of bad debts which have now disappeared from the assets of the bank. The bank still holds an amount of \$82,000 as a reserve fund, being over 8 per cent. on its paid-up capital. On so establishing the safe and strong position of the bank, the Directors are penetrated with the sentiment that the shareholders will maintain their confidence in the future, by strengthening that confidence with the principles of regularity and prudence, which are the basis of credit and success. Confident then on the public encouragement, on the good spirit of the shareholders, on the usual zeal and experience of the cashier in the management of the affairs, the Directors dare to hope, for the future, an increase of the material resources of this institution, specially founded to help the progress of our trade and industry in this part of Canada. The whole humbly submitted.

E. CHENIC, President.

Statement of Assets and Liabilities of la Banque Nationale, on 1st May, 1870.

ASSETS.

Gold and Silver Coin and Government Notes	\$ 170,443 90
Landed and other Property of the Bank	26,380 47
Government Securities	100,000 00
Promissory Notes, or bills of other Banks	22,551 11
Balances due by other Banks	289,733 38
Notes or Bills Discounted	1,430,880 58
Other debts due to Bank, not included under the foregoing head	44,036 37
	\$2,084,025 81

LIABILITIES.

Promissory Notes in Circulation not bearing interest	\$ 272,388 00
Balances due to other Banks	4,469 19
Cash deposits not bearing interest	211,200 11
Cash deposits bearing interest	509,762 58
Capital paid up	1,000,000 00

	\$1,997,819 71
Reserve Fund	82,000 00
Balance to credit of Profit and Loss	4,206 10
	\$2,084,025 81

INTEREST ACCOUNT.

Cr—April 30, 1870.	
By balance to credit	\$ 96,306 13
Dr—April 30, 1870.	
To Salaries	\$ 11,917 17
" Contingent expenses	5,012 06
" Dividends 7½ p. c.	75,000 00
" Bal. to Profit and Loss ac't	4,376 90
	\$96,306 13

PROFIT AND LOSS ACCOUNT.

Cr—April 30, 1869.	
By balance to credit	\$ 12,450 00
Cr—April 30, 1870.	
By Sundries	21 28
" Balance from Interest ac't	4,376 90
	\$16,848 33