times unavoidable, but we believe that in the majority of cases such exhaustion is the result rather of carelessness and mismanagement than of shortage of goods in the market. In holding a trade too much stress cannot be placed upon honesty and consistency in the dealer. Let the customer once feel that he can trust the word and judgment of his tradesman, and there can be little doubt to whom he will give his custom.

THE OUTLOOK FOR FIRE UNDERWRITING.

In the United States and the Dominion of Canada the fire waste continues at a rate which is certainly disturbing. Week after week and month after month fires large and small are reported with a regularity which disheartens the underwriter. The early months of the present year were admittedly disastrous, and we cannot think that there has been any improvement in the second or even thus far in the third quarter. While this excess of the normal rate of burnings may in some respects be attributable to the increased moral hazard which usually accompanies such a financial stringency as has overtaken the United States, it is well to remember that an element of increased risk has been introduced in the wide employment of trolley and electric currents in the present day. Electricity in some of its modern uses has been described by a Canadian underwriter as "worse than the incendiary, it does its sometimes destructive work so quickly." Suddenly grown popular, installations for various uses have been made with such haste and negligence that elements of danger have been ignored or belittled. And while with proper construction and regulation these fierce currents are not necessarily destructive to property, still the idea is general among fire underwriters that the electric wires are an element of danger. In the universal mercantile schedule coming into use by fire insurance associations trolley wires are specifically mentioned as items of risk and expense in fixing the basis rate for towns.

Lest it should be thought by the public that the fire underwriters are selfishly disposed in their treatment of electric railway and light installations, it may be well to bear in mind that the Canadian Underwriters' Association employs and pays three qualified inspectors. And we believe every electric plant which has been erected in the Dominion has been inspected and reported upon by these men. This, surely, is an element of protection to the insuring public.

Another large fire is reported this week in Montreal. That city, which not many years ago enjoyed tolerable immunity from serious fires and enjoyed a correspondingly high rating in the underwriters' books, now has to pay higher rates on its commercial and manufacturing risks than many smaller places. This should not be. Whether the bad pre-eminence of Montreal as a city of excessive fire loss arises from abnormal moral hazard, or is the result of mistaken economy in the supply of water pressure and other appliances for conquering the fire-fiend, we shall not stop to enquire. The facts are there, and it is the business of the citizens to see to it that the reputation of their city from an insurance point of view shall be improved.

As to the United States, a Chicago paper of August 21st has the following respecting the lake marine: "The heavy losses by fire on lake vessels this season will, beyond a doubt, result in an increase in fire insurance rates hereafter. For a number of years, fire insurance has been 1 per cent. a year, on nearly all classes of boats, only the smallest steamers and tugs being charged a higher figure. Last spring the underwriters experienced much difficulty in getting the companies to take their fire risks. The loss of the steamer 'Oneida' on Lake Erie, Sunday, brought this fact out very strongly. While hard times, which have wiped out the profits of vessels entirely, tend to increase the fire losses, underwriters say they do not think the moral hazard is increased in any such proportion in floating property, as on land. Nevertheless owners are likely to become careless in making repairs which might tend to lessen liability by fire. The losses from fire, thus far this season, considerably exceed those from a like cause any previous season."

COVENANT MUTUAL BENEFIT.

A correspondent sends us two prospectuses of this assessment association, whose headquarters are at Galesburg, Illinois, and which is doing business in Canada under authority from the Insurance Department at Ottawa. Attention is called to the fact that in one of these folders the expenses are declared to be "limited by contract to $8 per $1,000, per annum," and in the other, issued apparently a few months later, the same paragraph, on the corresponding page, reads "limited by contract to $4 per annum on each $1,000 insured."

Again, on page 9 of the first folder issued, the assessment at age 40 is given as $2.44 bi-monthly, or $14.61 per annum, while in the later edition it is $3.34 or $20.04 per annum. And again, in the one folder $10,000 of insurance is said to cost only $146.10 in the Covenant Mutual, while in the more recent one a cost of $200.40 is admitted, and very much of the "economy" argument used in comparing the Covenant Mutual with a regular company is thereby spoiled. It was to have been expected that both the expense fee and the assessment of this company would have to be raised, for both were too low. And there is little doubt that both will have to be raised again, after the present in-rush of new members is over, for the concern cannot continue always to grow as it has done the past few years. The following shows how rapidly its membership has grown during the past nine years, and also how, in spite of that assistance, its assessments per $1,000 of certificate have run up from $10.50 to $14.06, or about 40 per cent.:

Name.	Year.	No.	Cost
Covenant Mutual Benefit Association Galesburg, Ill., 1877.	1884	17,380	$10 50
	1885	21,382	10 50
	1886	24,844	11 00
	1887	27,282	12 60
	1888	29,007	12 66
	1889	33,701	12 90
	1890	32,719	14 48
	1891	35,042	14 44
	1892	42,317	14 06

The plan of operation seems to have materially changed in the case of this assessment company during the past two years. The title page of the old folder says: "Life insurance at cost—about one-half the usual rates." But after about two years' further experience, the new folder says: "Life insurance at cost—two thirds the usual rates." It is hard to see how cost could be both one-half and two-thirds of the same thing. Again the first folder promises that after one has been a member six years, he will have an apportionment of surplus annually "to reduce his future premiums." But right off, after that, comes the new folder, showing that he has not even been paying enough to cover current cost, to say nothing of dividends, because the expense fund and the assessment have both been raised. So, if he is allowed to go on paying on the old basis, he cannot be paying as much as he ought to pay, for every new member is now required to pay $20.04 per annum, an increase of over 37%. It is true the new member who pays this $20.04 on age 40 at entry, is now assured that he will have an annual dividend after three years, applied in reduction of his future payments; but before the three years are up, perhaps it will be found that the rate is not yet high enough to provide any dividend. That the company's death losses will grow heavier as the members grow older, cannot be gainsayed. Though they were lighter per $1,000 in 1892 than in 1890, experience shows that this cannot continue so for more than a few years at most, and the Covenant does not pretend to have on hand any such a "reserve fund" as a regular company is obliged by law to have as security for its future death claims. Let us compare it with a few regular companies, and then the reader can see at a glance how the security of a member in the Covenant Mutual compares with the security to every new member in either of the other companies:

Name.	Insurance.	Assets.
Covenant Mutual....	$98,632,876	$ 788,228
Canada Life	59,054,279	13,007,199
Confederation	22,498,911	4,115,170
Sun, of Montreal	19,160,858	3,403,700
All three companies..	100,744,048	20,526,069

From these figures it will be easily discovered that upon the same amount of insurance in force the three regular companies furnish about thirty times as much security as the far away Illinois professor does. In other words, if the security given by the three life insurance companies is about what it ought to be for safety, then the security of the other is only about one-thirtieth as much, as above shown. The reason of this is that in the past the Covenant has only been collecting $3 per $1,000 for expenses, where it now acknowledges that it ought to have collected at least $4; and also because it collected only a total of $14.61 at age 40, per year, where according to its present acknowledgment,