

referred to an attorney of New York City for examination and opinion. A lengthy and detailed report made by him is also filed herewith. From said report we quote the "following: In conclusion, I respectfully report that the "Mutual Reserve Fund Life Association has been duly "organized; that its contracts with its officers and agents "specified herein are valid in law, and that its contract "with the Central Trust Company does not create a trust, "but provides such security for the safe-keeping of the "moneys as, in my opinion, is consistent with the purposes "for which it was collected from the members under mortu- "ary calls."

DUES AND FEES.

Schedule "C" shows the condition of the dues and fees' account on June 1, 1885.

It was found impossible to verify the receipts for dues from the dues' registers' within any reasonable limit of time.

We therefore, depended for a verification upon the accuracy of the general bookkeeper's books, which are very well kept, and we believe the dues received have been accounted for. It would be more satisfactory, however, if the amount of dues paid on each certificate were carried out in its proper column of the register, instead of being simply marked paid, and the cash account debited with the gross amount of dues, and credited with the commissions retained by the agents. This would make the verification of the cash book from the register, which is the only proper method, an easy matter.

RENEWALS IN FIRE INSURANCE.

We have on more than one occasion advocated a closer inspection of the various risks accepted by fire insurance companies in Canada, and we now propose to show the analogy between such examination and the above subject.

The issuing of renewal receipts annually, to continue in force policies already on the books of a company, is a method almost universally adopted for the purpose of saving time and labor to the public, the agent and the company, and also a certain amount of expense to the latter. It entails very much less trouble to both the insured and the agent for the former to intimate his desire to continue a risk than to take out a new policy and describe his property all over again, while the issue of a simple renewal receipt does not, on the average, occupy more than a tenth part of the clerical labor to the company that the writing of a new policy would do, in addition to which—with, perhaps, a very few exceptions—a risk renewed passes and remains on the company's books without being subjected to any sort of enquiry or examination, the tacit argument being that the risk is unchanged since it was accepted twelve months ago, and so on, year after year.

That a reversal of this system would cause an enormous amount of extra work to be thrown upon the company's employees and agents is evident, more especially as regards those offices which have been long established in the field, since, with them, the number of renewals equals, and in some instances exceed, the number of new policies taken out during the year, still, if such additional labor and expense is more than compensated by a reduced loss ratio, we presume no objection would be offered by the companies.

We do not know that it would be necessary, or even advantageous, to do away with renewals upon private dwellings and similar non-hazardous risks; but inasmuch as we understand there are some companies who decline to issue renewal receipts for three-year policies, on the plea that the

character of the risk may be materially changed, surely that plea should have much greater weight in connection with a special hazard, even though the term of the policy be for one instead of three years. There are many instances which have come within our knowledge of flouring mills and other risks of a like hazardous nature which, when especially insured, were in first-class condition and under careful management, but which in the course of a year or more (perhaps less) have changed hands, or, from some circumstance or other, the owners may not have the same interest in the property, and consequently the risk, so far as insurance is concerned, is totally altered, yet even if the company's attention is called to an endorsement on the policy a reference is merely made to the original report or application, and because the risk has been on the company's books for perhaps one, two, or a greater number of years the renewal is issued without further question, and when the risk burns the company points out that it has held it so long, when it is certain—presuming the management of the said company to be in careful hands—had a fresh survey of the hazard been made previous to renewal the risk would have been cut off and a loss saved.

It has often been a matter of astonishment to many of the stock companies the small percentage of loss ratio incurred by most of the States Mutuals, which write chiefly upon what are called specially hazardous risks, but we believe the secret of this success is easily explained, for not only is there more inspection among said Mutuals respecting the first acceptance of a risk, but they never or "hardly ever" issue a renewal receipt, treating "each individual hazard already on their books precisely the same as though they were examining it for the first time. Here is the true inwardness of the question we are placing before our readers, for there are many points, such as cleanliness, the efficiency of protection appliances against fire, which may be perfectly satisfactory at the time of inspection, and yet, through carelessness, neglect or change of the moral hazard, be utterly valueless some months afterwards.

It would be well if our stock companies would look to their laurels in this matter, for not only is a more rigid supervision of their business needed, but, especially in Canada, where a very large proportion of the insurance is upon risks of a more or less hazardous nature, we are of opinion the practice of issuing renewal receipts is unsound, and we call attention to this, more particularly at a time when an attempt is being made to introduce, on a very much more extended scale than heretofore, the system of Mutual Insurance by States companies whose object will be to seize the cream of the Canadian business.

"VERBUM SAT SAPIENTE."

CONTINGENT COMMISSIONS.

The question, first, for us to consider is what we can do in order to enlist the best efforts of that minority of agents who are selfish and indifferent to their duties; and, second, how we can pay our honest agents in such a manner as to induce them to give more of their valuable attention to our business. The most powerful factor of human nature is self-interest; the average man always works better for himself than for anybody else. No man knowingly cheats himself.

If we can identify the interests of the class of agents first-named with our own, we may rely on their best efforts on our behalf. If we can, on the other hand, so reward the