

17. In the first place a member's premium trust fund and his deposits must answer for the claims under the policies he has subscribed, but if these should not be sufficient, virtually all of the members become liable under the system of guarantees. In 1926, in addition to the premium trust funds of several million pounds, the securities deposited amounted to £10,414,727 and there were guarantee policies amounting to £11,500,000, and the security of each member's personal fortune (Wright & Fayle, op. cit. pp. 427-8). ~~The guarantee of £11,500,000 is virtually behind each and every policy in the last resort.~~

Additional  
security  
under  
undertaking  
by Lloyd's  
corporation.

18. In addition, under the bill, Lloyd's Corporation must undertake that the security of the member, either by deposit or by guarantee, "shall never be less than the aggregate of the premiums received or receivable by him in the last preceding year". The maximum security required behind policies of British and Foreign companies under the Canadian Acts is the unearned premium reserve. Including the undertaking by Lloyd's Corporation, the security behind a Lloyd's policy in Canada must in reality be equivalent to several times the unearned premium reserve.

More about  
Lloyd's.

19. The audit required by Lloyd's is another element of strength of first importance. "The annual audit to which members of Lloyd's submit is ..... a very formidable process, quite different from and far more searching than the ordinary audit customary with other undertakings." "In underwriting accounts, each year is dealt with separately, and the result of a year's