

LOSSES NOT ADJUSTED TO RATES.—We hear quite a little about the ratio of loss to premium, and not unfrequently note important calculations and forecasts predicated upon it, as if it were a safe, stable and unvarying ratio. Still, every underwriter knows that losses do not adjust themselves to rates. For instance, suppose the loss ratio to be 60 per cent. under prevailing rates, and suppose an average reduction in these prevailing rates of 25 per cent. As the fire loss will not conform to the reduction in rates, let us further presume that the aggregate loss will continue the same as before. From these premises we get a loss ratio of 80 per cent.—an increase of one-third of the former ratio. We sometimes forget that rates as well as fires influence the so-called loss rates.—J. L. Cunningham.

THE MONEY MARKET.—The discount houses are steadily hardening their discount rates, and although Lombard Street still has a plentiful supply of floating cash and short loans are easily negotiable, their action is hardly surprising in face of the many signs which point to dearer money this half-year. The rush of new companies and municipal issues is continuing unusually late into the summer season, whilst not only Japan, but other foreign countries are actively sounding the market with regard to larger new loans in the autumn. Holland continues steadily to withdraw gold from the Bank, whilst in the course of the next few months it is tolerably certain that the United States will do the same. Russia and Italy also continue to steadily buy the yellow metal, whilst shortly the central institution will be called upon on home account to provide funds for the purpose of moving the crops. The cash resources of the market are therefore likely to suffer considerable reduction.—*London Shareholder*.

THE UNEARNED PREMIUM FUND.—"The unearned premium fund is to a fire insurance company what the soil is to the agriculturist," says President J. L. Cunningham, of the Glens Falls, who adds: "The farmer can count no profit from crops as entirely real unless the incoming stream of fertility equals the outgoing one. If there have been drafts upon the fertility of the soil on account of some exhausting crop, the profit on the crop may not equal the loss of the soil's fertility. The 'fertility of a company's unearned premium fund depends upon the rates entering into its computation. Adequate rates of previous years may yield a profit on current expirations, while inadequacy of present rates will make future expirations a debit 'crop.' The apparent current profit, or loss, of a fire insurance company may not be real—so much depends upon the less or more, not legal, but actual sufficiency of the unearned premium fund.

"The law requires that it shall represent the cost of the cancellation of all a company's policies on the company's own motion, but a company's health requires that this fund shall certainly cover the cost of carrying all its business to expiration, and considering possibilities and 'unsecurities,' its 'fertility' ought to be maintained. Partaking, as it does, of the quality of rates, this fund is liable to deceive even a company's own officers—especially during a period of impaired rates. A very considerable waste can be wrought in a company's financial condition before it shows in its legal surplus."

PRESIDENT DRIGGS ON LOCAL AFFAIRS.—President Marshall S. Driggs, of the Williamsburgh City Insurance Company, it became known last week, is not fighting for local business at the current market. He said to the *Journal of Commerce and Commercial Bulletin*, Saturday: "I have a good policy to sell at a fair price, but I am not giving it away or gambling on the 'no fire' craze. I think there will be fires and plenty of them in due time. New York underwriters evidently believe that under the benign and righteous government of Tammany Hall the moral hazard is entirely eliminated and the water supply abundant for all possible needs. The Williamsburgh City was greatly dissatisfied in July, 1897, and we believe we were being defrauded out of our legitimate share of trade by dishonest competitors. In July, 1898, we did only about twenty-five per cent. of the business of the previous July. We owe a duty to the customers who hold our policies, as well as to our stockholders, to avoid squandering the assets of the company by issuing policies for less than the fire cost."—*Commercial Bulletin*.

A PECULIAR INHERITANCE contest has begun at North Attleboro, Mass. When Henry D. Merritt, a jeweller of that town, died, he left a considerable estate, naming Mrs. Merritt as executrix. To an only son he bequeathed \$10,000, to be paid to him when he became twenty-five years old, in April, 1899. Recently the young man employed an attorney, and, on the representation that there was danger that his money would not be forthcoming when due, asked the Probate Court to order an accounting, which was done. In answer Mrs. Merritt filed a statement, making no mention of the \$10,000, but instead exhibiting charges for bringing up, educating, feeding, and clothing the boy, showing him to be indebted to her in the sum of \$23,307. The items are as follows: For boarding twenty years and five months (from date of the father's decease), at \$1 per day, \$7,450; for schooling, clothing, incidentals and spending money, \$11,859.93; miscellaneous, \$4,000; total, \$23,307.93.

MONEY IN THE NORTHWEST.—The *Northwestern Miller* of Minneapolis says: "Locally, with the reserves of the banks excessively heavy, the money market is even easier than it has heretofore been. Grain paper has virtually all been taken up, and good paper is extremely scarce, with a surfeit of money offered. However, with the movement of new wheat next month, a change is looked for. The elevator men are expected soon to be in the market again for funds with which to handle the crops, and a general stiffening of rates of interest is anticipated. The attached quotations made Monday will give an idea as to the basis on which money can be had:—

	Per Cent.
Call, 5 to 10 days, terminal receipts.	3 to 4
Four to six months, terminal elevator receipts.	3 to 4
Prime indorsed millers' paper.	4 to 5
Country elevator receipts.	5 to 6
Prime indorsed millers' paper.	4 to 5
Country millers' paper.	5 to 8
Common local paper.	6 to 8

"To these rates a brokerage is sometimes added and sometimes not. Local money is very easy, with banks asking 3 to 8 per cent., according to quality of paper."