

A young wife at the east, whose husband had just died, telegraphed to her father in Chicago this message: "Dear John died this morning at ten. Loss fully covered by insurance."

TORONTO, 13th September, 1883.

Yours,
"ARIEL."

THE LONDON MUTUAL FIRE INSURANCE CO.

London, Ont., 10 Sept., 1883.

The Editor INSURANCE SOCIETY,

SIR,—I do not think I would have troubled myself to notice the several communications in your issue of 20th ult., doing the amiable towards the "London Mutual," but for a casual remark in your short editorial that the effusions in question were from men "of undoubted standing in insurance society"—a fact, without your endorsement, I should decidedly question, for neither the matter contained in the letters or the premises assumed warrant a semblance of strength to your guarantee. Men, in insurance society, as I have ever found, are open and above board; if they have aught to criticise, say their say squarely, and do not go behind the fence and bellow anonymously, but come forward freely and frankly and state their case.

My letter to you of 10th July was drawn forth owing to a letter that appeared in your issue of the preceding month over the signature of "a policyholder in a Stock Co." This individual, with an assumption of grievance, aired his nonsense, for the simple reason that in a canvassing circular we had omitted to place our re-insurance reserve as a liability; and I endeavored in my reply to show that such an omission was perfectly legitimate, inasmuch as the circular in question only pretended to shew the *direct* liabilities of the Company, not the *speculative* ones. And while on this question I would ask why the re-insurance reserve, when you have it, as we have, should not more properly be treated as an *asset* than a *liability*? This is a query that may be worthy of consideration, even in INSURANCE SOCIETY. My reply, however "roaming," as it appears to have struck one of your correspondents, has drawn forth no fewer than four epistles, directed at the devoted head of the "London Mutual." Only one of these *diatribes* I will notice, that signed "an Ontario Farmer's Son" (?) Heaven save the mark! Had any "Ontario Farmer" such an offspring, he undoubtedly would, in the words of the late Mr. Artemus Ward "order his funeral for to-morrow," and take special care that "the corpse would be ready."

The "London Mutual," as was asserted in our circular, does a larger business in the Province of Ontario alone than any other Company in the whole Dominion; but this statement should have been qualified, by the words "with one exception," the omission of which is the only ground upon which our friends can legitimately take exception; yet this would-be smart Admirable Crichton in insurance matters goes on to criticise the standing of this Company, commencing of course with the re-insurance reserve, and then with the recurring changes of the kaleidoscope, attempted brilliancy in figures, decided gloom alternating, with equal rapidity, he endeavors to show that some 16 other companies in Canada surpass the "London Mutual" in the volume of business done; and in order to keep up his assumed character of an agriculturist, goes into an incomprehensible problem about wheat and straw and the relative value of each, which is about as much to the point as anything else contained in the letter.

The great and important point with your "Policyholder in a Stock Co." and your Ontario Farmer's Son—in reality the *alter ego* of each other—is to injure the "London Mutual," the Company that brought down the price of insurance on isolated risks and farm property from the illegitimate standard it was formerly held at by the insurance offices, in whose interests your correspondents write, to just what it is worth. The writer is accused of *cheek*. By whom pray? By an individual whose identity is unknown, excepting perhaps to you, and who with an assurance that is positively disgusting, makes assertions on the "go-as-you-please" principle that come very near akin to idiocy. He puts words in the mouth of our President that never were uttered. At our last annual meeting, Mr. Armstrong, M.P., in reply to a query put to him, stated

the *cost* of insurance on the premium note system would probably be less than that on the cash system, for the reason that on the latter system we exacted a rate that would probably more than cover all contingencies, and that our premium note members were entitled to the benefit of any doubt, owing to the fact of their possible further liability. Mr. Armstrong spoke advisedly, having the knowledge that our experience of nearly a quarter of a century had fully educated us as to what might be expected in the future,—the result of the Company's work having disappointed the expectations and wild theories of individuals of the class to which your correspondents belong. As I have already pointed out, the "London Mutual" commenced business with the intention of giving the people of Ontario, in the *particular* class of business in which we are engaged at a fair cost, and the Company has succeeded beyond all expectations, and to-day we are doing a larger business in this Province than any other Company, having for the month just passed issued 2090 policies, a number never exceeded before, excepting by the "London Mutual"—a fact that, so far as our opponents are concerned, will justify me in using the quotations "*Hinc illa lacrima*."

Your "Ontario Farmer's Son," with an amount of *gall* that appears to be indigenous with him, writes off one-half of our premium notes, for what reason, unless to please himself, I cannot pretend to conjecture. Our premium notes, I would inform your critical and highly imaginative friend, are mostly given by "Farmers of Ontario"—good honest Farmers, and are as sound as wheat, no chaff about them—no subscribed but *unpaid* capital, but notes running concurrently with the Policies. We write off all notes when the insurance expires, carrying no "dead ducks," as your correspondent insinuates, the familiarity with which is suggestive of something in his own office which "no fellow can understand, you know."

Again your correspondent finds fault that we do not extend our business beyond Ontario, and asserts that we could get no opening outside; for his information I would state that for years we have been urged and solicited to open Agencies, from leading residents of every Province in the Dominion, and, as a matter of fact, have been offered large bonuses, as an inducement, but being a Mutual Company we had no particular object to serve, seeing that we command the best part of the business in Ontario; however, if only to please your friend, it is possible, having the right to do so, that we may change our minds, and afford the residents of the other Provinces, or some of them, the advantages we have so long afforded at home.

As to the financial standing of the "London Mutual," I would offer a remark or two, and place it in contrast with other Companies reporting to the Dominion Government. For the six years ending with 1882, the increase of assets over liabilities of this office have been from \$41,077 to \$62,801—equal to over 50 per cent. for the period in question, while the increase of liability has only been 3½ per cent. Without taking the character of risks into account, I would simply state that the excess of assets over liabilities of 15 foreign Companies doing business, exclusively fire, in Canada at the end of 1882, amounted in the aggregate to \$631,055, now if any of your INSURANCE SOCIETY people will figure the thing up, they will find that, in order to equal the "London Mutual" surplus, these Companies should come to the front with \$1,083,748; and the only Company in Canada that leads the "London Mutual" in the amount at risk, the "Royal of Liverpool," had at the end of last year \$85,870,326 against \$38,015,954 carried by the "London Mutual," the "Royal" had assets over liabilities at the same period \$64,053,76. Now to equal the "London Mutual" in proportion to losses and expenses, the "Royal" should have had an excess of over \$300,000! Yet, in the face of these facts, our detractors have the temerity to question the sound position of the "London Mutual."

I will not at present attempt to defend the principles of Mutual Insurance. The "London Mutual," with nearly 25 years of successful experience, utterly crushed and pulverised the worn-out theories of the blatant advocates of the Stock Companies, and that our business is daily increasing should shut up the mouths of anonymous scribblers. You promise to give your views concerning the Mutual system. Until we ascertain what those views are, I cannot say whether it will be necessary for me to meet them or not; but I can assure you