

selves justified in returning to each stockholder the remnant of his stock subscriptions, and to have in reserve for each policy-holder just nothing at all; but instead of doing so they preferred to annul their charter by making a dividend out of their capital stock.

The report is very incomplete and ends with a life report in which a reserve or balance of \$671.10 is manufactured for the consolation of the possible widows and orphans by borrowing from the fire department \$500.00! How happy must the people be who have the magnificent sum of \$171.10 as a reserve for the payment of possible claims amounting to \$87,250.00! Verily they have no need for accident tickets.

The thing wherein the report is manifestly incomplete is the report of liens, incumbrances and ornamental appendages. The Stadacona, by its organization of Branches and Local Boards and its selection of representatives for other than actual insurance ability, has placed itself in a position from which it cannot extricate itself without a complete change in its whole management. If this is effected we shall be prepared for, and shall be thankful to see, a great and continual improvement in its financial standing; but if the present course is longer pursued we shall be made sorry but not surprised by a cancellation of its charter, unless the Dominion Government acts on the Stadacona principle that receipts are profits, and coolly proceeds to confiscate for the benefit of the ministry the deposit of the Stadacona."

We shall be obliged if any insurance expert will point out where the "half truths" occur in the preceding analysis. It is gratifying to know that the Stadacona people have taken this well-meant lesson so much to heart; it is a further evidence of what they were given credit for in a former article, and it may be opined that not only the widows and orphans, but the share and policy holders, the directors, and even the manager himself will eventually be thankful for the timely curb. From this person a different treatment of the analysis might have been expected. The erroneous opinion that all insurance companies, *per se*, must "make money," that there is nothing to do but organize and go ahead—that once the business is started it must run itself—is surely not shared in by the manager of the Stadacona, whose training at least would have taught him better. Notwithstanding his assertions, we still refuse to believe that this company has a re-insurance fund as required by law.

The analysis from which we make the extract was written by the salaried editor of the Insurance Department of this paper. In a future number it will be necessary, in order more fully to prove our position respecting the Stadacona, to explain their purchase of part of the country business of the Liverpool and London and Globe,

besides that of another Insurance Company.

In reply *seriatim* to the letter of Mr Pyke, we simply deny ever threatening any action towards the company or trying in any way to intimidate them; the term "foes" was suggested by a private circular of the company addressed to a discontented shareholder; we deny that the sum agreed on some time ago with our agent for their advertisement was as low as that implied, and we challenge the Stadacona to publish our contract; we never asked them to remit us any sum of money whatsoever or implied anything of the kind; we deny that our "criticism" was hostile; or "manifestly untruthful," or "based on half truths."

In the manager's letter to Toronto he claims for the company 75 per cent. of a re-insurance fund, while only a few weeks previous he boasted in the before mentioned private circular that they had 40 per cent. of this 50 per cent. "ideal standard," he terms it, "unless," as he says, "you choose to reject and consider valueless as assets—our office fittings, including long leases and improvements to the buildings leased and the two-thirds of the preliminary expenses chargeable to the next two years." We should like to have this item of rents and leases explained. We do not see that rents are likely to rise. Perhaps our suggestion has been acted on partly, and the additional 35 per cent. raised meantime by subscription among the directors and shareholders. We shall be glad to learn of this fact, and we really do not see any other course open to the company to place it in a proper condition before the public.

The manager says they have more than \$171 life reserve to pay probable losses on \$87,250; that they have the \$50,000 deposited in Ottawa! We have yet to learn that the Government deposit of any company can be used for such a purpose, and it may be doubted whether even the Stadacona has such friends at court as to be held exclusive of the laws of the country. Perhaps the easiest course for an insurance journal to pursue were to besmear with praise, deserved or undeserved, the business of every insurance company who paid to have their statement published, as is the case with some well-to-do journals both in Canada and the United States, and to ignore the existence of all others; there are, however, we are glad to say, a few whose independent action and duty to the public are not to be influenced through fear of losing patronage, or by the cry of blackmail, from any company whose condition requires a judicious diagnosis.

Owing to the dullness of the times, we had meantime passed in silence over the annual report of the Stadacona had it evidenced in any degree that the Directorate, which is composed mainly of prominent gentlemen of the ancient capital, was aware of the true position of the company, and showed an early disposition to amend; but when we looked at it again and again, and read their boast, "that although the state of the company's affairs would have justified your Directors in paying a greater dividend than 10 per cent.," we felt it necessary to draw their attention to the actual condition of things. We spoke to the Montreal agent, who was convinced of the justice of our remarks. The *private and confidential communication* addressed ostensibly to a discontented shareholder was soon after sent us in reply. We shall try to make room in our next issue for some extracts from this document which will show the public the arguments used by the manager of the Stadacona in trying to prove how near he is to the "Ideal Standard." After reading this production it was evident that further indulgence would be thrown away, and that our duty to the insuring public and to the shareholders, to the future widows and orphans—whose means were partly disposed of in paying dividends and making complimentary presents—was paramount to all other considerations, that it was necessary to warn in time, and before matters grew worse. Then the harshest epithets in the vocabulary are flung at us, and *because we advised the Directorate to come out boldly and promise to raised a reserve fund by subscription among the shareholders.* These were the "private but sufficient reasons" alluded to, and the case aptly illustrates how often our best motives and actions are used against us, just as a certain subtle gentleman is said to quote scripture to his own advantage. We shall leave time and the public to judge between us as to disinterested motives, as it scarcely requires the gift of prophecy to foretell that if the Directors of the Stadacona refuse to see the error of their ways we shall not be surprised to learn ere many years elapse that the writer of the letter in the Toronto paper will find his occupation gone.

THE CONDITION OF TRADE.

People express surprise that the depression in trade should continue so long, forgetting that the causes that produced it still remain in some degree, and that time only can bring about the improvement which prudent business men are gradually accomplishing. There never was