

an item in the Company's annual accounts, inasmuch as, though the English office generally charges the reinsuring company 25 per cent., the former obtains such business either direct or by paying an agent 15 per cent., so that upon this surplus re insurance there is a gain of from 10 to 25 per cent., and in a single small transaction of say £5,000 at 1 per cent., of which £2,000 is given away under a treaty, the direct office pockets from £2 to £5 over and above what it would have made by simply taking its net line, while the re-insuring company of course pays so much additional for its share of the business. In other words by this beautiful arrangement the re-insuring company not only pays more upon the business "per se" than the direct company, but absolutely assists to reduce the latter company's ratio of expenses upon its total income, and thus there will be no difficulty in understanding why the direct office may year after year show a profit and the company reinsuring it a loss. Take an income from premiums of £500,000, of which £100,000 is paid under those re-insurance contracts, the direct company clearing 15 per cent. on the latter sum, and the reader can see how the business works in favor of the direct office.

But with regard to the re-insuring companies our verdict can surely only be, guilty of unsound underwriting, but recommended to mercy on the ground of insanity.

THE STANDARD FIRE INSURANCE COMPANY OF HAMILTON.

No attempt has yet been made by the officers of this company, so far as we are aware, to explain any of the very serious charges made against them by us in our last number. They have, however, issued a leaflet, dated June 7th, in which they try to work off the bad effects of our remarks by giving a list of public corporations which hold policies in the company, and thereby, it is claimed, endorse it as worthy of confidence. Such a list might, under certain circumstances, be very valuable, but when we consider the nature of the charges made against the company it is utterly worthless. We presume that the sworn statement of the company made by its officers to the Ontario Government is the more correct of the two given by us in our last issue, and, if so, the company has been publishing to the public false and deceptive statements of its position. How many of these so-called "endorsers" of the company were induced to allow it to issue them a policy by means of these false figures? How many of them would be willing to endorse it after reading the revelations given by us? Would the publication of a list of prominent men or corporations who have held policies in the defunct Manhattan Fire of New York prove that the company was either solvent or honestly managed?

We notice that the title-page of the circular referred to is heavily draped, apparently in deep mourning. Have the officers already begun to look upon the company as a thing of the past?

It is amusing to note the anxiety of the Standard's officers to make the public believe that our criticisms of their company are in some way connected with their not purchasing Mr. Goad's block plans.

We can only again assure our readers that there is not the slightest shadow of truth in this, and that Mr. Crawford well knows. This is merely an attempt to weaken our position by imputing unworthy motives to us, whereas our only motive is the protection of the public and the purging of the business of fire insurance of companies whose actions tend to disgrace it. But our arguments speak for themselves: if they are not true they can be easily disproved or explained. We defy the officers of the Standard to do this. Our columns are at their disposal. If they make no attempt to explain the charges made in our last issue, either in our columns or in some other shape, they practically admit them to be true.

In the reply made by Mr. Crawford to our first editorial he stated that they are doing business openly in the Province of Quebec and intend to continue doing so. We published in our last number a letter from Professor Cherriman, the Dominion Superintendent of Insurance, in which he pointed out that the Standard has no Dominion license, and consequently is doing business in this province in open violation of the law. Can, then, a policy-holder in this province recover in Ontario, should the company become insolvent?

We have learned that parties interested have lately taken a high legal opinion on this question, and in consequence thereof have declined to enter into any contracts with the Standard. It is also a well-known fact that the officers of the Company have obtained legal opinions from two or three prominent legal authorities, and if these opinions were at all favorable we may be quite sure they would have appeared in print long ere this. We ask the Secretary to state candidly whether, when issuing policies to the public in this province, he is not aware that there are at least very grave doubts as to their being worth the paper they are written on?

We are informed that an attempt was lately made to establish the Standard in the City of Quebec, the proposed arrangement being that the Company should break through the tariff rates, on condition that some of its stock be subscribed by Quebec merchants. This gives one an idea of the lines of action pursued by the Company. Its object apparently is to get in money, no matter what the result may be.

MUTUAL INSURANCE COMPANIES, IN THE UNITED STATES.

The Census Bureau of the United States has just issued a "Compendium of the Tenth Census," containing among the many other subjects a very complete and exhaustive analysis of the Fire and Marine business of the States, as represented on the 31st day of December, 1879, prepared by C. A. Jenny, Esq., Special Agent of the Census Bureau, in charge of this Branch, a position which the completeness of this summary shows him eminently qualified to fill. We take the following extracts for our columns at this time, viz:—

The several classes of companies and methods of insuring are classified as follows:

- No. 1. Those doing business with a Joint Stock Capital.
- No. 2. " " " Guarantee Capital.
- No. 3. " " " a general business on the Mutual plan.
- No. 4. " " " farm or local business on the Mutual plan.