

est interest to make every possible exertion to maintain specie payments. The Government, on the other hand, would have the strongest temptation to dispense with that obligation; and as their object, in usurping the paper circulation, has been from the first to supply temporary necessities, we are justified in concluding that they would again yield to influences which they have, in the past, been, and are now, unable to withstand.

Let there be no self-delusion on the subject. A Government issue of notes to displace the existing bank note circulation, means, in the not distant future, an irredeemable currency, whatever professions may be made to the contrary, and whatever provisions of law may be made that would seem to form a guarantee against that danger. The evil would come by degrees; its march would be by stealthy steps; but the result would be inevitable, and it would come on the very first pressing financial emergency of the Government.

THE BEAVER MUTUAL.

The business of this Company, for the past year shows a gain of 2,183 policies, and an increase of premium notes of \$11,496 over the year previous. The Company holds premium notes, liable to assessment, amounting to \$91,681. Its cash receipts were \$30,959, and expenditure \$32,673; the losses by fire were \$14,918. The Directors are strongly in favor of the premium note system, and consider the cash system a departure from true mutual principles. The cash mutual system, now on trial in the States, is recommended as one worthy of adoption. The union of this Company, with the Toronto Mutual, is received with favour as likely to promote efficiency and economy and financial strength. The losses sustained by fire during the Summer months were heavy, and the Inspector, very properly, draws attention to the number of fires which arise from defective chimnies.—Complaint on this score has been made, again and again, by all our Insurance Companies, and the wonder is that so much carelessness in building timber into brick work is allowed to continue. The Directors make very sensible remarks respecting the concealment of incumbrances on property insured. The mode suggested is an admirable one, and if the Directors have the necessary courage to carry it out they will earn the gratitude of the community at large by adhering to it. Cases occur very frequently in which fires are directly traceable to this fearful source of criminality. The Barrie case referred to was the subject of comment in this journal at the time. Some of the political newspapers, in town and country, attacked this Company for

its defending the suit. It turns out just as we expected that the defence was based on a true sense of what is due to the honestly disposed portion of the community. The plaintiff had mortgaged his property, without notice to the Company, and when a fire occurred, under such circumstances, the Company decided to stand on their rights. The Legislature has thought fit to protect the members of Mutual Companies by a rigorous enactment on the subject of concealing incumbrances, and we do not think that Directors are justified in virtually abrogating it by paying claims in full which are tainted with suspicion. We are disposed to give this Company great credit for the stand they have taken in the matter, as well as for the spirit of economy displayed, and we see no reason to doubt that its progress will be steady under its present efficient management.

INTERNATIONAL LIFE INSURANCE COMPANY OF LONDON.

There are quite a number of Canadians interested in this Company, and from what we learn from our English exchanges respecting its position, we judge it is about time for them to take measures to protect themselves. The purchase of the business of the International by the Hercules appears to have been a piece of cool and magnificent impudence. Although the financial state of the Hercules, at its last annual meeting, did not warrant the declaration of a dividend, yet, within a few months thereafter, it became the purchaser of a Company of thirty years standing, with, according to the *Post Magazine*, "its attached liabilities and a tainted character." The presumptuous purchaser is now undergoing that truth-evolving process styled liquidation. It came out in Court that the International lost one-fourth of its capital between 1862 and 1865. This state of affairs had led to negotiations for the transfer of its business. The Hercules was the favoured Company which was sought out to shoulder the burden. This Company had a paid-up capital of only £53,638, and after receiving £150,000 from the International possessed invested funds slightly in excess of \$150,000. Those who negotiated or promoted the transfer seem to have made a good thing of it. The Directors of the International paid £150,000 to the Directors of the Hercules in consideration of the latter taking upon themselves the liabilities of the former. One gentleman, Mr. Sheridan, was paid £8,000; £15,000 was to be paid to the Secretary of the International for compensation for his loss of office. This nice little arrangement, however, was not communicated to the shareholders. The journal above quoted says:

"The worst part of the story remains to be told. It is so positively stated in the report that £150,000 was the sum paid over to the Hercules Company, that we must conclude the money was actually received by the directors and brought under their control and disposition. We know, however, from the best authority that, within the last fortnight, a cheque for £200 was returned unpaid on presentation at their bankers. The circumstance, possibly, admits of satisfactory explanation, and it is to be hoped that it does but at present the matter wears an ugly look."

It appears further that the shareholders of the International are not satisfied with these arrangements on their behalf, and are taking steps to have the contract rescinded. The Hercules, as well as the International, is in liquidation, so that the pair are well matched. The latest intelligence is given in the following paragraph from the *Post Magazine*:

"These two Companies having become involved in heavy Chancery proceedings by which the assets of the Companies would become materially reduced, to the great injury of the share and policyholders, an arrangement is in progress by which the threatened litigation will be prevented, or be much reduced; and the difficult questions of equities and cross equities which have arisen will be solved. As a part of the arrangement the Life Policies of both Companies will pass to the Prudential, if the funds in hand and securities to be provided are sufficient to cover the responsibilities associated with so large a transaction, and the terms of the transfer be such as to obtain the sanction of the Court of Chancery."

We are glad to say that we are seldom called upon to chronicle such a disgraceful transaction in life insurance as that above set out; but the fact that such things do occur shews how necessary it is for those interested in insurance companies to make themselves acquainted with their standing and by timely precautions guard against loss.

THE FAILURE OF BROWN & Co.

The examination of Mr. Chewett, of the firm of W. R. Brown & Co., brokers, has revealed a state of facts in connexion with that firm's affairs little creditable to that gentleman. It appears that five years ago Mr. Chewett gave a guarantee to the City Bank for the indebtedness of Mr. Brown, which amounted to \$50,000. In 1867 he sold out his interest in the firm of Chewett & Co., but the name of the firm continued unaltered, and no notice was given that his interest had ceased. He then settled on his wife his house, which cost \$25,000, and a mortgage for \$26,000 on the Rossin House; and in February, 1868, being possessed, in his own name, of almost nothing, became a partner with Mr. Brown, without even asking for a statement of Mr. Brown's financial position. The fact is that at the time of Mr. Chewett's becoming such