

confesses that this present long credit practice is an evil, but he would be a bold man who should assert that it is a necessary evil. It is correctable whenever the companies choose to act together for reform.

A PROVINCIAL INSURANCE PROJECT

Many of our readers are doubtless aware of the fact that for some years a system of pensions has existed in the Province of Quebec for the benefit of the civil service employes. Ontario has no such system, and in that respect is, we believe, in touch with the growing sentiment of the times which is not partial to a government system which costs so much and confers upon its civil servants so little, comparatively, in return. Whatever may be said of Mr. Mercier, politically, it is unquestionably true that he is a man of ability and gifted with quick perception to see and to seize upon improvements when indicated by the progress of events. He, with many others politically opposed to him, sees the weakness and objectionable features of the provincial pension system, and has hit upon the very sensible plan of substituting life assurance therefor. A bill has, we understand, been introduced at Quebec looking to this change, but of its specific provisions we are not prepared to speak, as we have not yet seen it. The plan in substance, however, is for the government to enter into an arrangement with some reliable life assurance company to furnish assurance for its civil servants, which shall secure to them benefits far exceeding those possible under the present pension system. This, it is claimed, can be done at no increase, possibly at a reduction of present cost, the money now accumulated for pensions purchasing assurance of far greater value.

The question of the judicious selection of a company with which to make terms is of course of much importance, and it is understood that Mr. Mercier, with his well known provincialism always uppermost, is bent on the selection of a provincial company. Of the now that the Citizens' life branch has been taken over by the Sun, there are two,—the Sun and La Canadienne. With people at all well informed on insurance affairs there can be no question as to which of these companies is to be preferred, for the former is not only a company founded on the level premium reserve plan, licensed by the Dominion government and under its supervision, but is well managed, strong in resources, and progressive in administration. The Sun had at the beginning of the present year assurance contracts in force amounting to \$13,337,983, and held a reserve fund for the future meeting of these contracts amounting to \$1,541,490, with total assets reported at more than two and a quarter millions of dollars, while the cash income for last year was \$563,141. That applications for new assurances were received last year amounting to over four million dollars, and that the company added to its assets \$259,006, afford indications of its strong hold on the public confidence and of the quality of its management. That the present year will show even greater progress we have no doubt.

It also invests its funds largely in provincial securi-

ties, and is erecting a fine head office building in Montreal, while its stock is quoted at 240 per cent. and not to be had at that. From a prudential and business standpoint, one cannot conceive how the choice, if a provincial company is to be chosen, can be for a moment a matter of doubt. We fear, however, that, as has so often been the case, the Quebec government will allow mere political considerations to prevail in this matter, for that the majority of the directors of the Sun are conservatives there can be no doubt. Here is presented, however, a golden opportunity for Mr. Mercier to rise above partisan feeling in such an important matter of business, and demonstrate that he can, when the public service requires it, effectually sink the politician in the statesman.

So far as La Canadienne is concerned it is not licensed at all by the Dominion Government and makes no report to the Insurance Department of Canada. Its statement does not even appear in the report of the supervisor of insurance for this Province, and, according to the statement of the Minister of Finance, is exempted by its charter from reporting to the Quebec government at all. Its policyholders are therefore deprived of the benefit of all government supervision, and can know nothing whatever of its affairs but what the officers choose to tell. In insurance circles, however, its financial resources are well known, and are such as to make its serious consideration in this connection absurd.

PROFITS IN FIRE INSURANCE.

The most erroneous opinions appear to prevail in the public mind regarding the profits made in the business of fire insurance. We constantly come across a firmly rooted belief that the companies are exacting from their customers an unnecessarily large profit, amounting in the minds of some to absolute extortion, which causes many unthinking insurers to rail against tariffs, stigmatizing them as unjustifiable combinations, the outcome of wealthy and powerful monopolies. This feeling is partly no doubt the result of a total misconception of the basis on which the true profits of fire insurance are calculated and the failure to comprehend the difference between a transaction in fire insurance and one in ordinary trade.

This difference, as we have often pointed out, consists in the fact that the sale of fire insurance, unlike that of commercial commodities, is for an uncertain period and an unknown quantity. A fire insurance policy is a contract (under certain conditions) to pay the purchaser any amount—not exceeding of course the total sum insured—at any date during the currency of the policy, so that the company may become liable to make good the entire amount of the insurance immediately after the risk has been accepted, or it may never be called upon at all, or, again, for only a trifling percentage of the policy. A policy therefore for \$5,000 issued for twelve months from any date does not represent a closed transaction at the termination of the company's fiscal year, because at that date the liability to pay the \$5,000 or any portion thereof still exists, a reserve for which contingency has to be set aside, just