

repeal of the present law limiting their investments to bonds and mortgages on real estate in the State of New York, and within a radius of fifty miles around the city of New York. The petition sets forth that the restriction is needless and obstructive; that it is unfair and impolitic; that it is injurious to the companies and the public; that it is illiberal, shortsighted, &c. It is urged, that in consequence of the operation of this law the companies subjected to it do not derive as high a rate of interest on their investments as companies not under such restrictions, and that in consequence of the scarcity of sound investments within the prescribed limits, the companies are compelled either to invest the money in securities of a lower or less profitable description, or otherwise allow it to remain unproductive. The petitioners have a strong case, and will undoubtedly bring considerable pressure on the Albany Legislature during the present session to repeal or amend sec. 8, cap. 463 of the laws of 1853, which is the obnoxious clause. Whether they will succeed just now with so fickle and erratic a body as that which they have to manage is doubtful; but a good cause, honestly advocated, is sure to win at last.

CONDITION OF THE NATIONAL BANKS.—The Secretary of the Treasury has sent to Congress a statement from the Comptroller of the Currency concerning the condition of the National Banks. Of the 1,690 banks included in the statement, one bank was suspended by entire reorganization, bearing the same name, three banks never completed their organization, sixty-two banks have gone into involuntary liquidation, and in the hands of receivers are doing no business and earning no dividends; 132 banks in active operation, from various causes have declared no dividends since March 3rd, 1869, leaving 1,492 banks that have declared and reported dividends. Six banks, organized since the passage of the act, are not included in the statement, none of which have yet reported dividends. The aggregate capital of dividend-paying banks is \$493,024,510. The dividends declared amount to \$20,816,716. The net earnings in excess of dividends declared amount to \$6,932,768. The average per centage of discounts upon capital is five and sixteen hundredths; average per centage of net profits, embracing dividends and net earnings in excess of dividends, six and thirty-eight hundredths.

WESTERN ASSURANCE COMPANY.—A statement which we have seen of this company's business for the last six months of the past year, shows the receipts from fire and marine premiums and interest to have been \$180,110, against \$145,615 in 1868. After deducting losses, expenses, re-assurances, and an appropriation for unadjusted claims, a balance of \$31,569 is shown, which, though entirely satisfactory, gives a lower percentage of profit on the business done than that made in the like period the previous year. This is readily accounted for by the enormously large number of disasters to shipping last fall, no less than 333 vessels in all having been wrecked on these lakes and an unusually large

number also on the Atlantic coast. The paid-up capital now stands at \$303,845, and the gross revenue to 30th June next is estimated by the Secretary at \$375,000. The company's shares have advanced 30 per cent. in the last twelve months.

BESSEMER STEEL.—On the 12th February the royalties on Bessemer steel fall from £1 to 2s. 6d. per ton on rails, and from £2 to 2s. 6d. per ton on all other descriptions of Bessemer steel manufacture.

Communications.

THE MUTUAL INSURANCE BILL.

To the Editor of the Monetary Times.

DEAR SIR,—I have only recently read Mr. Chas. Davidson's letter, which appeared in your issue of the 21st ultimo, about the proposed "Act to consolidate the laws having reference to Mutual Fire Insurance Companies doing business in the Province of Ontario." Trusting to your kindness to give me space in your valuable paper, I venture a few remarks in reply.

And first, as to the object of the convention of representatives of mutual fire insurance companies held in Hamilton on the 27th and 28th April last, which was held at the instance of Mr. McLean, the Inspector of the Gore Mutual, and myself. This may be best explained by stating what was done at that convention.

A committee was appointed to draft a bill for submission to the Legislature, to consolidate the laws having reference to mutual insurance companies. Uniform tariffs of rates were adopted, so as to facilitate re-insurances; and it was decided that the insurance of more than two-thirds of the cash value of property was opposed to the interests of mutual insurance companies. Other business of minor importance was also transacted.

The committee to whom was entrusted the draft of the Bill to consolidate the laws affecting mutual fire insurance companies faithfully performed the duty assigned to them, for with but one or two exceptions, there is not a clause in it which has not the authority of some existing act. Had not the proposed Bill embodied all that was in not only the chapter 52 of the Consolidated Statutes of Upper Canada and its amendments, but every private Act, the committee would have failed to do that which they had been appointed to do.

The power sought for in clause 44, to which Mr. Davidson takes exception, is contained in the special acts of at least four companies doing an extensive fire business; and although they have, by virtue of it, for some years been issuing policies and collecting premiums in cash for two and three years' insurances, I have yet to learn that either they or their insurers are any the worse for it, or that they have not profited by it. The Gore Mutual does not possess the power contained in the clause, their cash policies being limited to one year, with power to renew. Neither does the Wellington Mutual, Mr. Davidson's company, possess it, but it would surely not do either of them any serious injury if they did.

In answer to Mr. Davidson's enquiry "why are companies so urgent to obtain the bill in its present form?" It might be said that one company has a right to possess as many special privileges as another, but it was the generally expressed opinion at the convention, that such a bill would be a means of more effectually carrying out the mutual principle, so that by united action, mutual companies might be enabled to cheapen the cost of insurance to all classes of insurers in as great a degree as they had cheapened it to the farming community.

Mr. Davidson's query, "is it that they may

extend their business without suffering loss in the collection of their assessments," has evident reference to that terrible bugbear of his *the cash premium*. And in answer to it I would simply repeat what I have already stated in your journal, that the material causes which led mutual insurance companies to adopt a system of cash premiums, were the cost of borrowed money necessary to enable them to carry out their engagements promptly, the delay incidental to the collection of a large proportion of their assessments, and the considerable loss which they were certain to experience on them.

But Mr. Davidson goes on to say that mutual companies "are taking risks at rates much lower than what stock companies do." Has he, with his "actual experience for the last fifteen years," not yet discovered that mutual insurance companies have, year after year, been enabled to insure at much lower rates than stock companies? The Gore Mutual has found out that taking one year with another, the cost of insurance has averaged twenty cents in the dollar less than what it would have been in a proprietary company which had adopted the rates of the combined proprietary companies. And will Mr. Davidson now deny that the cost of insurance in the Wellington Mutual has averaged even less than that? Again, he surely overlooks the fact, that the premium of a proprietary company has three considerations to provide for—the hazard, the expense incidental thereto, and the profit to the shareholder. Now the mutual company has but two, the hazard, and the incidental expense. It is simply ridiculous therefore for the Manager of the Wellington Mutual to express his surprise at other mutual insurance companies offering to do, and doing well, a cash premium business, on terms more favorable to insurers than stock companies can. I can positively assert that if, since July, 1865, instead of taking premium notes and assessing them to meet losses and expenses, we had taken cash premiums, twenty cents on the dollar less than those of a proprietary company, we, the Gore Mutual, would have had a considerable surplus at our disposal from that source now.

A cash premium in the Gore Mutual is, in truth, a high assessment, paid in advance; so high, in point of fact, that, were we to assess our premium note insurers at the same rate, they would grumble very much, and in all probability transfer their insurance to the Wellington Mutual, when renewal time came round, unless that company's doctrine, as expressed by its "Manager," that when a mutual company becomes too extended, it invariably becomes "more hazardous," should debar them from that privilege.

It must be understood that I can only reply to "the Managers" letter from my own experience, which is limited to cash premiums for one year. Those companies who have experienced the effects of cash premiums for insurances of two and three years, may answer for themselves. They seem to be doing very well, paying their debts honorably, promptly, and insuring very cheaply indeed. Can the Wellington Mutual do any better? But Mr. Davidson considers "for one, that mutual insurance companies, from their very nature, ought to be limited;" he does not, however, state in what way. His meaning is not very clearly expressed, but, I suppose it is, that a mutual insurance company should not extend its operations beyond the limit of a town or other municipality, and that it should not issue more policies than the Wellington Mutual has at present on its books. He ought to have learned by this time the fallacy of supposing that, because he "for one" considers that such and such should be, every one else should have the same opinion. I consider, "for one," that "under our present system of expansion," we may safely "expand" our business throughout the Province of Ontario, by means of agents, who, I do not believe, are as unprincipled as Mr. Davidson would make them out to be, and who, I do not believe require "the paying a part salary" to "reduce the number of losses."