

the present is an inopportune time for that purpose.

Mutual fire insurance companies have been multiplied under the liberal provisions of existing legislation, and they hold a very large amount of property insured, both in country districts and in towns and villages. This class of companies has, therefore, grown into great relative importance. Hence it is most expedient and useful, at this stage, to enquire carefully into the system on which they are based. It cannot be said of the system, as a whole, that it has worked badly in this Province. Losses have been very generally paid. In the case of one or two companies—of which the Niagara District is perhaps the most prominent example—a tendency to litigation has always been a marvellous failing, which is ascribed more to poverty than to intentional dishonesty. The company named seems to be usually in trouble with its members or claimants. With a few exceptions, we have not heard any special objections raised against Mutuals in reference to the payment of losses. And it is no doubt a fact that much more money has been lost in Canada by stock (foreign) companies than by mutuals.

Farm insurance has its risks as well as every other branch of the underwriting profession. The late Ottawa fire is an illustration in point. In England the experience of Farm Companies has not been favorable; the same may be said of the American mutuals. But a few days ago the Monitor Mutual of Boston, a company of the class under consideration, succumbed with liabilities of over \$15,000, and assets of about \$2,000. It will not do to conclude because our companies have survived their difficulties thus far, that therefore the system is perfect, and not in need of revision. It is well known in insurance circles that it is only "by hook and by crook" that some of them have kept their heads above water. As the companies' business expands, and as competition increases, rates fall, inferior risks are accepted and so the danger of embarrassment and failure is enhanced. The past experience may not, therefore, prove to be a reliable criterion, by which to judge of the future.

In our opinion Clause 44 of the proposed act ought to be expunged, or the power granted by it limited to companies possessing a paid up guarantee capital. Whatever may be said in favor of premium notes as a security, it will hardly be contended that they are a sound and proper basis for further insurance, other than that to which the notes specifically relate. The authorization of companies to take cash premiums without a capital stock of some kind—and the notes of mutual members cannot properly be diverted into a substitute for capital—is at variance

with the principles which underlie our whole system of insurance—is unsound both in theory and practice. What kind of equity can there be in requiring from one company a subscribed and paid up capital, in order to obtain a charter, and then authorize another company, without either, and without even the obligation to provide, or keep, any amount of assets, to come into direct competition and bid for business side by side with the first named class? To deprive the companies at once, of the power already conferred, to issue cash policies, would materially interfere with their working, and would be a harsh step; but the policy of whatever legislation is had, should be to restrict this power to those having a paid up capital, giving those companies who choose to organize as a stock company, and abandon premium notes and assessments altogether, ample time to do so. Such as preferred to work on the premium note system alone could also so elect. This would simplify matters much, and avoid a danger to which the public are now exposed. We have very little hesitation in offering the opinion, that an agricultural company skillfully worked on a stock basis, at low rates, would be a decided success. It would give to farmers, cheap insurance, safety and freedom from liability—three features which would tend greatly to popularize such an undertaking. We know of one New York State Company which has made the change proposed, with the most gratifying results.

The Legislature of Ontario will, no doubt, arrive at the conclusion that it has a special duty to discharge with reference to those companies incorporated by that body, and those restricted to this Province as a field of operations, inasmuch as such companies do not come under the surveillance of the Dominion Government. Should the existing mutuals have the powers now exercised continued to them to conduct business on the present incongruous system, they will most likely be asked to hand over to the Treasurer of the Province some substantial token of solvency, and to make full and uniform returns.

Our insurance interests will not be placed on a thoroughly satisfactory basis until an officer is appointed to estimate the liability of all the companies, stock and mutual, fire and life, under their policies, in order to assure the existence of a re-insurance fund, and to prevent insolvent companies, if there be any such, from continuing in business.

A feature in the proposed Act which makes the holders of cash policies liable to an assessment of one per cent on the amount of their policies, is intended to give additional safety to the public, and is a really conservative provision, but does not fully meet the case. Should the necessity ever arise for enforcing

an assessment of this kind it would give rise to much dissatisfaction, and we apprehend that great difficulty would be experienced in realizing money under it.

NORTHERN RAILWAY.

We have before us the annual report of this Company's operations for the year 1870. The gross earnings again show a large increase. That it may be apparent how gradual and steady the growth of the company's traffic has been, we give the earnings for a series of years:—

Gross earnings 1859.....	\$240,044.86
1860.....	332,967 01
1861.....	410,939 91
1862.....	406,238 02
1863.....	406,606 55
1864.....	467,266 15
1865.....	506,748 58
1866.....	512,874 66
1867.....	561,370 25
1868.....	550,070 24
1869.....	671,076 50
1870.....	753,567 52

The increase in traffic receipts was nearly eleven per cent. over 1869. There is an increase in the working expenses, but they are still low, being 58 per cent.

The completion of the Muskoka line, which is now under rapid construction, will give a very large acquisition of traffic and swell, no doubt, both the receipts and profits of the Northern. A charter has also just passed the Local Legislature, authorizing the construction of a railway to Meaford, in the rising district of Grey; this road will be built, equipped and run by the Northern Company who are to be aided by a bonus of \$120,000 from the municipalities interested. With these new sources of traffic and the large trade that is being developed with the North West Territory, the prospects look exceedingly bright. The proprietors will yet find that they control a most valuable and highly productive property, so long at least as it is as well managed as at present.

ATTACKS ON THE GRAND TRUNK RAILWAY.

Mr. Brydges has availed himself of some criticisms offered at the late meeting of the Dominion Board of Trade, to set forth in a lengthy letter to the daily papers, a series of facts respecting the condition of the Grand Trunk, and the nature of its freight arrangements. We know that an impression has long prevailed among shippers in Ontario, that the rates charged to Montreal, and from stations west of Toronto to this city, were highly discriminative and unfair to the merchants of Toronto, and the western towns. A statement which has been made often before, was repeated by Hon. John Young before