

the circumstances to strike out the words "to pay" in promissory notes, and substitute for them the words "to satisfy;" then those coming from an old-fashioned, honest region would not be so liable to be misled as they are now.

We admit that an Insolvency Act of some kind is a necessity under ordinary circumstances, but if it can be shewn that its good results bear but an infinitesimal proportion to its evil ones, it will not require much argument to make us doubt the expediency of having one at all. It is a principle of legislation that public interests must not be prejudiced even to cover cases of individual hardship. We cannot afford as a people to set a premium upon fraud. Let us see how the Insolvency Act may be and is made to work. A, an honest trader, has been in business, in say a village, for a number of years and has earned a character for integrity. B starts a rival establishment in the same village, and forthwith reduces prices to compel custom. He has no invested character—capital, and very little of any other kind; his goods were obtained on credit and they must be sold. He sells at "alarming sacrifices," for if the worst come to the worst, he has a haven of rest in the nearest Insolvency Court. His competition has the effect of bringing his name into the *Gazette*, but it has also the effect of ruining A's trade. The one comes from under the *débris*, hale and hearty, with more money in his pocket than he had before, while the other has lost everything; the one is ready to repeat the operation elsewhere, whilst the other with more conscience and shame than "energy and tact," ponders over how hard it is to be honest.

But we cannot, in justice, lay all the blame on the Insolvent Act. Who backed up Nichols and Robinson's gambling in gold, W.R. Brown & Co's gambling in gold, Connor's, Taylor's and Scott's gambling in barley?—Banks. Who support mere speculators without capital while drawing a tight rein on the careful ones who do a legitimate business? Banks. Who over insure stocks of goods and allow themselves to be led into insuring empty boxes, bottles and suppositious articles? Insurance Companies. Who give credit, indiscriminately, to every applicant, force goods on would-be honest dealers, and cry out most lustily when their sins come home to roost? Merchants. It is all very well to condemn the Insolvency Act; but with all its faults, with all its facilities to fraud, with all its perjuries, it is not the only, nor yet the greatest, cause of what we are pleased to term the demoralization in trade. While we seek to amend it—to remedy one set of evils—we must not overlook others quite as apparent, and quite as inju-

rious, if we are in earnest in the endeavor to bring about a more creditable state of affairs.

#### OVERINSURANCE—FRAUD.

Facts which have reached us respecting several fires, of recent occurrence, involving serious destruction of property, and entailing consequent severe loss on several insurance companies, both local and foreign, justify us in saying that if a profitable result is to be expected from the prosecution of fire insurance in Canada, a closer surveillance must be exercised by companies over the actions of their agents.

There is every reason to believe that, at least three of these fires, were not the result of accident, but the work of incendiaries, who have sought, in the destruction of their property, relief from pecuniary embarrassment or insolvency. Experience has taught us that a depreciation of merchandize and manufactures, or a depression of business, combined with a too active competition between agents—leaving little or nothing at the risk of the insured, and indeed, not unfrequently, insuring in excess of the actual value of property—tends to open the door of temptation to overinsurance and subsequent fraud.

We are not ignorant of the difficulties with which an agent has to cope in his endeavours to satisfy himself, and do justice to his principals, in obtaining information on which their interest and safety materially depend. Enquiries which he would, perhaps, be anxious to make respecting the nature and condition of the property to be insured, the mode of keeping accounts, and other matters of vital importance are, we know, often regarded by the applicant as unnecessarily inquisitive, and resented accordingly. So that to secure business the agent is often tempted to forego his duty in relation to these particulars, and the result is, too frequently, as we have stated.

In one of the cases to which we have adverted there existed, at the time of the disaster, insurances to the extent of about seven-ninths of the invoiced value of the stock, one half of which, it is alleged, would not, had it been sold, have realized half cost, from the fact of its being by age, and consequent deterioration, rendered almost unsaleable. In another case where the premises were, as admitted, purposely fired, there was an insurance of \$1,500 on stock which, on investigation, proved not worth \$50.

We do not pretend to assert that an agent can, in all cases, make himself as thoroughly acquainted with the value and condition of every stock which is offered for insurance, as is desirable; or that he is supposed to know

that nicely done-up parcels, representing liquors, patent medicines, and the like, are nothing but blocks of wood, papered and labelled in imitation of the genuine article; or that chests, half-chests and caddies, supposed to contain the finest flavored and choicest teas, are filled with saw-dust; but we do know that an agent, especially if a resident, ought, before assuming risks, particularly if on stock, to use all laudable and lawful means to satisfy himself as to the moral character and business capabilities of the applicant; to obtain, if possible, at least an approximate idea of the amount of business done, additional existing assurances, and other particulars, as directed by his code of instructions, and which are essential to the interest and prosperity of the company.

#### THE TORONTO MUTUAL.

This Company claims to have gained a position in two years which will compare favorably with that of other mutual companies of the longest standing. It possesses premium notes to the amount of \$67,124 93, and issues no cash policies for periods longer than one year. The Company's exhibit is as follows: Policies in force, 2,222; property insured, \$1,447,775; cash receipts for the year, \$14,692 13; disbursements, \$14,015 95; losses, \$8,711 54; total liabilities, \$21,649 47, of which \$14,103 84 consist of paid-up guarantee stock and reinsurance premium notes, leaving its total cash liabilities on 1st January at \$7,545 63, including unsettled fire claims to the same date.

Its business is conducted on the strict mutual principle, of charging every member yearly with his exact share of all losses and expenses up to the day of assessment. It has adopted the correct course of inspecting all risks systematically by its own travelling inspector, instead of trusting solely to the information, often deceptive, furnished to agents; and seems to have taken precautions to secure a safe and respectable business, without venturing upon heavy risks, or those of a specially hazardous character. It would be well for all institutions of the kind to use the same prudence and caution in the management of their affairs; in which case no doubt they might stand much better with the public than some of them do at present. It is not a little discreditable that a larger share of our insurances are not undertaken by companies domiciled within our own borders; and that so much money is allowed to be sent out of the country in the shape of fire insurance premiums.

The rival railway companies, the Wellington, Grey and Bruce, and the Toronto, Grey and Bruce, have been taking legal advice respecting each others Acts. Mr. Hillyard Cameron, Q. C., is of opinion that the provisional directors of the Toronto and Nipis-