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BRYCE, McMURRICH & CO.

Toronto, December 8, 1870.

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THE
Monetary and Commercial Times.

WITH WHICH HAS BEEN INCORPORATED

THE MONTREAL TRADE REVIEW.

TORONTO, CAN., FRIDAY, JAN. 6, 1871.

AN INSOLVENT INSURANCE COM-
PANY.

Very few who read the statement in another part of this paper, respecting the Home Insurance Company of New Haven, Connecticut, will have any difficulty in discovering the most unmistakable indications of a gigantic fraud—well sustained and artfully concealed up to the last moment. To say that the exhibit made is disgraceful to the late management, does not half express the truth. If the allegations of the Vice-President can be sustained, they ought to be made the basis of a criminal prosecution, against the late managers, for fraud and perjury.

The Home was one of the largest and most important of the American fire and marine companies. One year ago a sworn statement, as required by the laws of the State of New York, was sent in to the Insurance Department of that State, showing assets of \$1,786,365. Amongst the liabilities were one million of dollars of capital alleged to be paid up, and \$480,000 charged as a re-insurance fund. A deficiency of \$176,000 was acknowledged. The premium receipts amounted nearly to a million and a quarter of dollars annually. The statement of the assets includes a very large quantity of real estate, and some of the assets did not belong to the company at all; then there were \$263,831 of "premiums unpaid." This interesting item was reduced to \$130,000 in June last, when

the state of the Company's affairs was partially disclosed. That reduction was made chiefly by writing off uncollectable balances, &c. Out of the remaining \$130,000 Mr. Merwin tells us that not more than \$54,000 will ever be collected, showing a further loss of \$76,000. What a commentary on the value of this kind of assets! It is safe to conclude that when large balances are reported as being in the hands of agents, the company concerned is either too negligent to collect them, or the accounts are cooked for the purposes of concealment, and that the company is not entitled to any such balances at all. In any case, it is *prima facie* evidence of bad management. While the Home showed such large assets it appears to have been utterly and hopelessly bankrupt. The one million dollars of capital was never paid up at all—not even half that amount; salvage claims, stated at \$50,000 in June last, are not worth \$15,000; bills receivable valued at \$35,000 are good for only \$13,000; the unpaid losses were put at \$122,437, while they were close upon three times that amount! and so on to the end of the chapter. The sum of the whole matter is that the company is \$230,000 worse than nothing.

But the circumstances of this case have an important bearing upon the value of Official Certificates of soundness. Two Insurance Commissioners "examined" and reported upon this concern; here is what the commissioner of Connecticut says:

INSURANCE DEPARTMENT,
STATE OF CONNECTICUT.
NEW HAVEN, April 11, 1871.

This is to certify that I have this day made a careful examination of the books and assets of the Home Insurance Company of New Haven, and find the same to be correct and corroborative of their annual statement of January 1st, 1870.

I am personally acquainted with the situation and value of the real estate in New Haven owned by said company, and believe it to be fully worth the sum at which it is valued by the officers of the company. It is all located in the most central part of the city, and will no doubt increase in value.

BENJAMIN NOYES,
Com. of Insurance.

This is the report of the Commissioner for New York, made two months later:

STATE OF NEW YORK, INS. DEPT.,
ALBANY, June 10, 1870.

To the Directors of the Home Insurance Company of New Haven.

Having recently made an examination of the books and assets of the Home Insurance Company, of New Haven, Conn., I have found that the statement of said company, made to this department, January 1st, 1870, contained a correct list of the real estate and securities of said company at that time, as shown by the books of the company and the certificates of the different State officers where portions of such securities were deposited.

The capital of the company, as shown by said statement, was impaired. My examination has satisfied me that heavy losses and other circumstances have caused a still further impairment of

the capital of the company since January 1st, 1870, and that inasmuch as said impairment exceeds twenty-five per cent., it is indispensable that said company reduce its capital, or that a call be made upon the stockholders to make it good. As the capital was so large, being \$1,000,000, and as measures have been taken to secure a reduction to \$500,000, I shall delay making such call in hopes that such reduction may be effected, and the company be enabled to continue its business more successfully hereafter.

The President, Mr. Satterlee, has been very frank in his exposition of the affairs of the company, and I believe that the reduction of the stock named will leave an unimpaired capital of \$500,000.

GEO. W. MILLER, Supt.

In this way two Commissioners lend their sanction and that of the State to a huge fraud—unwittingly, no doubt, but the public suffer none the less on that account. Though we say it with regret, these facts must shake the public confidence in the official certificates, upon which very great stress has always been placed by American companies and agents.

The Home has done business in Canada for many years, a great many of the risks being of the non-hazardous class, and at low rates of premium. At the end of 1869 the amount of its fire policies in force was \$4,094,534. During that year the premium receipts in Canada were \$77,796 and the losses \$70,691 or 91 per cent. There is a deposit of \$72,600 in U. S. Bonds with the Dominion Government, which will no doubt more than pay off all the liabilities in this country. But for this deposit Canadian policy-holders would be cut off from all prospect of payment for losses which may have occurred or which may arise on policies now current.

The provisional arrangement made with the Provincial Insurance Company, mentioned in these columns some time ago, for the re-insurance of the Home's risks in this country was never carried into effect, owing to objections made by the Privy Council. It is estimated that \$30,000 would be sufficient to re-insure the Canadian risks, so that, with a deposit of \$76,000 to draw upon creditors in Canada, are certain to be paid in full ultimately. But there is this difficulty, that the deposit will not be available till all the policies have expired; and many of them being for three or four years, there is every reason to fear that a long delay will be experienced before claims will be paid.

SCOTTISH FIRE INSURANCE COM-
PANY.

By the annual report of this Company for the year ended 30th July last, it appears that the premiums of that year amounted to £40,539, and the losses to £24,902, or 61 per cent.—a very fair average. The Scottish Fire is one of the most recent additions to our list of British insurance companies, but