

"A LAME DEFENCE."

The *Insurance Times* of New York has an article in its June issue with the above heading, in which it uses some strong language in regard to the position taken by us in discussing the question of suspended mortality. After reading the article we could not help thinking that the title is exceedingly appropriate. The defence of the *Times* is a remarkably lame defence indeed. The best proof that the editor has been driven to his last corner is that he has completely lost his temper. He has now no arguments left with which to defend himself, so he does the next best thing—calls us names, and hurls texts of Scripture at us. We are much pleased at this conclusive proof that he feels the full force of the facts and figures given by us, and knows them to be unanswerable.

Our readers will remember that certain tables were given by the *Times* and reproduced by us, by which it was attempted to prove that the American table gives larger reserves than the Hm. At the time neither we nor any one else with whom we are acquainted could understand these figures, which, so far as we could then see, were simple nonsense. We are now told that they represent the reserves on twelve policies of \$1,000 each, one taken out at every fifth age, from twenty up to *seventy-five*! It complained because we stopped at age fifty. It assumes that as many people will take out policies at age seventy-five as at age thirty or thirty-five! It is really laughable to see the strait to which our contemporary is reduced. Does it not know that in the experience of the combined American Companies lately published, only 11 persons had assured at seventy-five against 42,300 at age thirty and 39,756 at age thirty-five? There were nearly four thousand policies taken out at age thirty against everyone at seventy-five, and still the *Times* has to suppose them equal in order to make even a show of defence.

But why need we have any further discussion as to which table gives the higher reserves? The question has been definitely settled by the Confederation's having its policies valued by both tables with the result, as pointed out in our last issue, that the Hm. was found to provide the largest amount by many thousands of dollars. It is pure and simple waste of breath to try to argue against what is no longer a theoretical supposition but a proved and open fact. As we have no desire to continue such a discussion we must refer the editor of the *Insurance Times*, if he desires any further information on this point, to his friend Sheppard Homans, who made the calculations by the American table for the Confederation.

It has for a long time been pretty well known in life assurance circles that the articles which have from time to time appeared in the *Insurance Times* attacking the Confederation were not the productions of the editor of that paper, entirely at any rate, but were written, or at least inspired, by the manager of a Canadian Life Company. This fact receives strong confirmation from an expression used in this last article. It speaks of "*Our Canadian Companies*." Would an American use this language? Certainly not. It is evidently a momentary slip, which, however reveals the real authorship. In the excitement of writing the article, the mask is dropped for a moment, and we see that the person behind it is a Canadian. It will be remembered that when we declared that we had never had any communication, direct

or indirect, important or unimportant, with any officer, agent, employee or even friend of the Confederation Life, and challenged the *Times* to make a similar declaration with regard to the rivals of that company, it distinctly declined to do so. All these things show conclusively that the articles in the *Insurance Times* are inspired by the officers of a certain Canadian company. Which one this is, it is quite unnecessary to point out.

The discussion, so far as we are concerned, is now closed.

SURPLUS RE-INSURANCE MANIA.

We have upon more than one occasion referred to the business of Surplus Re-insurance, which we have condemned as being utterly at variance with the very principle by which Fire Insurance is enabled to be conducted profitably, namely, the "law of average." We have endeavored to show that this law which governs every well-managed office does not and cannot apply to those companies transacting a surplus re-insurance business, and while our views have been upheld to a great extent by the results of such business in Russia, to which we recently called the attention of our readers, we are again reminded of the similarity between the laws of Fire Insurance and those of the Medes and Persians by a list entitled "*Missing Friends*," published in the English "*Review*" of May the 23rd. From this list we observe that many companies of more or less strength being unable to obtain *direct* and having tried *re-insurance* business through the British Offices, have retired from the field, some very speedily. Out of four companies from this side of the Atlantic (not including the "*Home*" of New York, which withdrew several years ago) only one is left, the three others having thrown up the sponge, convinced of what they ought never to have been in doubt about, namely, that "*surplus re-insurance*" does not pay the re-insuring company.

We are aware that in our arguments we shall be like history, merely repeating ourselves, still there are some stories which will bear repetition until they become as "*familiar in our mouths as household words*," and the sooner the vicious and ruinous nature of surplus re-insurance is thoroughly appreciated and understood the better.

In connection with this business the old adage concerning the iron and the earthenware pots floating down the stream recurs to us, for nearly all the companies which embark on the voyage in question belong to the latter class of vessels as compared with their heavy-metalled brethren of Great Britain, and are obliged either to write larger lines than is consistent with their capacity, or be content to accept the second or third surpluses, the folly of which we have already dilated upon, and they are thus placed fairly between the rocks of Scylla and Charybdis, so to speak. Our readers will readily comprehend that £1,000 upon one dwelling or warehouse is a greater risk than even £2,000 upon five hundred such, yet this is precisely the position these re-insuring companies are placing themselves in, and we may liken them to a yacht trying to carry as much sail as a frigate, the result of which in stormy weather may easily be imagined.

Turning to the other side of the picture, it is not strange that the British Offices are in favor of making the re-insurance contracts, as the commission derived therefrom is quite