

Premium Note Policies. This would seem to indicate that non-hazardous property is principally insured on the Cash system, and hazardous on the Premium Note system. In this connection we think the classification of Risks required by the Government returns of 1876 and not required by those of 1877 might with much propriety be asked for, in future returns; by which it would be seen, at a glance, the kind of business done by each company, and the amount of liability under hazardous and non-hazardous property. This would necessitate the classifying of Risks by companies, and thus afford them an opportunity of testing the profitability or the reverse of each particular class of Risk.

We fear there are some of the companies named in the Return now before us, conducted by men who know very little if any thing of the first principles of underwriting. Of the forty-four companies named in the Returns, there are not more than ten that take any notice whatever of a re-insurance liability, of unearned premiums. The directions given in the foot notes in the Government returns are simple and easily understood; but notwithstanding this, a number of companies, having hundreds of thousands at Risk, have returned no liability under this head.

We may explain what we mean by reference to one company—the Dominion Grange Mutual—which is by no means the only one. Under the head of Cash at the head office or in banks, or in agent's hands, we find the blank not filled in, an omission which means that the company has no cash on hand. The amount at Risk is said to be \$1,139,304, but the liability under the head of amount of money required to re-insure all outstanding Risks on the cash system, is *nil*. We do not mean for a moment to say that the company is not solvent, for it holds Premium Note assets to the sum of \$5,326, a sum not sufficient to provide a re-insurance fund. But after all that was prophesied by the Manager in his speech in Port Hope, in June last, the amount of new business obtained must be rather disappointing, especially to himself. We may have something to say, in a future issue, on the particular mode in which the business of this and some other new companies is conducted. A perusal of the returns made by the Mutual Insurance Companies, will satisfy every man, conversant with insurance business, of the necessity that exists of a competent person, conversant with the Mutual system of insurance, to make a thorough inspection of the working and standing of these institutions, which do no inconsiderable part of the insurance business of Ontario. Some of these companies have gone under, within the past few

years, and others may follow. The Hastings Mutual has already given notice of closing. Under these circumstances, some circumspection, in addition to these annual returns, appears to us to be much needed.

BUILDING AND LOAN SOCIETIES' RETURNS.

This week, we make room for the tabular statement of Loan Companies, as published by the Treasurer of Ontario, with the exception of two small societies, the Orangeville and the Hastings. It is to be regretted that all those institutions not working under the general Act are exempt from the obligation to make any report to the government. The returns made are quite incomplete, without the operations of the Trust and Loan, and other foreign companies. The London and Canadian, and the Canada Landed Credit Companies, are similarly exempted. The law should be so amended as to include the working of all societies, whether home or foreign; then, with an extra column at the end of the table, showing the total of all the business in Ontario, the return would be almost complete; those interested could readily see at a glance the extent of the business, and there would be less difficulty in analyzing the statement.

Among the changes are these: the Ottawa Building has ceased operations; The City of Toronto Permanent has transferred its stock to the North British Canadian, and the British Canadian has assumed the business of the Provincial. Three new companies, the London Loan, the Landed Banking, and the Hastings, report this year for the first time. This makes an addition of two, being thirty nine against thirty-seven for the year 1876. The increase in paid up capital will be seen from the following figures:

| | | |
|----------------------|--------------|-------------|
| 30 Ontario Companies |1875.... | \$9,408,000 |
| 37 " " |1876.... | 9,983,051 |
| 39 " " |1877.... | 11,818,344 |

Increase over 1876..... \$1,835,293

Two companies do not appear to have paid any dividend, the effect being to bring the average down to a fraction less than 8 per cent. The Canada pays the largest dividend, 12 per cent., which is due to its having a large rest; five paid nine, and sixteen paid eight; the remainder, with one exception, paid seven per cent. The total sum absorbed in the payment of dividends was \$1,084,103.

The items showing the number of mortgages and the aggregate amount on which compulsory proceedings have been taken, during the year, is somewhat indefinite, and conveys but little idea of the class of borrowers, or whether any company is inclined to be litigious or not, from the fact that the time when the "compulsory proceedings" were

set on foot and completed is uncertain. The practice of some companies is to consider that nothing compulsory has taken place until the property is actually offered for sale; others not till the property has really been sold by the Sheriff. Others again, who appear to have more definite idea as to what is a compulsory proceeding, say that, when the writ is issued, compulsory proceedings have really taken place. So the amounts that appear, under this head, are very uncertain in their present shape.

The managers of companies would do well to pay more attention to the items in the statement that is intended to show the rate at which future repayments of mortgages are discounted, to ascertain their present cash value. The Imperial Loan, for instance, says from 8 to 12 per cent., another company 6½ to 7, and another 7 to 12. This is a wide margin and certainly very indefinite. The Act requires that all mortgages are to be valued at the rate they were originally estimated to yield.

The following figures show the increase in the total liabilities of the companies including capital, accumulating shares, and reserve funds for the following years:—

| | |
|------------------------|--------------|
| 1873 | \$ 9,620,000 |
| 1874 | 14,080,000 |
| 1875 30 companies..... | 16,911,000 |
| 1876 37 do | 21,780,000 |
| 1877 39 do | 26,502,069 |

The deposits show a considerable increase in amount. Taking into account the tendency to reduce the rate of interest. The deposits for the year amounted to \$6,627,029 against \$5,604,852, or a gain of over one million dollars, the previous year showed a corresponding increase over its predecessor.

The amount of capital obtained from Britain is increasing every year. Ten companies issued debentures \$1,999,095 in 1877. Last year twelve companies borrowed \$3,568,217; of this sum about 45 per cent was obtained by the Canada. Debentures to the amount of nearly \$153,000 are payable in the Dominion. The Western has nearly two-thirds of this sum.

The reserve funds are rapidly increasing: in 1875 the amount was \$1,480,377; the following year the figures were \$1,869,187, and last year the amount divided between 27 companies swelled up to the handsome sum of \$2,285,198. The contingent funds on hand have more than doubled last year, and now amounts to \$137,383; this added to the reserve fund is about twenty per cent. on the paid capital.

We have not space to further deal with this matter, and sufficient has been said to show the importance of these institutions and the steady growth they are making in this Province. We shall be glad to know,